



COUNCIL CHAMBERS

17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

COUNCIL MEMBERS	REDEVELOPMENT AGENCY
Dennis Kennedy, Mayor	Dennis Kennedy, Chair
Mark Grzan, Mayor Pro Tempore	Mark Grzan, Vice-Chair
Larry Carr, Council Member	Larry Carr, Agency Member
Greg Sellers, Council Member	Greg Sellers, Agency Member
Steve Tate, Council Member	Steve Tate, Agency Member

WEDNESDAY, DECEMBER 14, 2005

AGENDA

JOINT MEETING

CITY COUNCIL SPECIAL MEETING

and

REDEVELOPMENT AGENCY SPECIAL MEETING

6:00 P.M.

A Special Meeting of the City Council and Redevelopment Agency is Called at 6:00 P.M. for the Purpose of Conducting Closed Sessions; and a Special City Council and Special Redevelopment Agency Meeting is called at 7:00 P.M. for Conducting City and Redevelopment Agency Business.

Dennis Kennedy, Mayor/Chairman

CALL TO ORDER

(Mayor/Chairperson Kennedy)

ROLL CALL ATTENDANCE

(City Clerk/Agency Secretary Torrez)

DECLARATION OF POSTING OF AGENDA

Per Government Code 54954.2

(City Clerk/Agency Secretary Torrez)

6:00 P.M.

City Council Action and Redevelopment Agency Action

CLOSED SESSION:

1.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Authority: Government Code Sections 54956.9(b) & (c)
Number of Potential Cases: 4

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

RECONVENE

CLOSED SESSION ANNOUNCEMENT

7:00 P.M.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

CITY COUNCIL SUB-COMMITTEE REPORTS

CITY MANAGER'S REPORT

CITY ATTORNEY'S REPORT

OTHER REPORTS

PUBLIC COMMENT

NOW IS THE TIME FOR COMMENTS FROM THE PUBLIC REGARDING ITEMS NOT ON THIS AGENDA.

(See notice attached to the end of this agenda.)

**PUBLIC COMMENTS ON ITEMS APPEARING ON THIS AGENDA WILL BE TAKEN AT THE TIME
THE ITEM IS ADDRESSED BY THE COUNCIL. PLEASE COMPLETE A SPEAKER CARD AND
PRESENT IT TO THE CITY CLERK.**

(See notice attached to the end of this agenda.)

**PLEASE SUBMIT WRITTEN CORRESPONDENCE TO THE CITY CLERK/AGENCY SECRETARY. THE
CITY CLERK/AGENCY SECRETARY WILL FORWARD CORRESPONDENCE TO THE CITY
COUNCIL/REDEVELOPMENT AGENCY.**

City Council Action

CONSENT CALENDAR:

ITEMS 1-6

The Consent Calendar may be acted upon with one motion, a second and the vote, by each respective Agency. The Consent Calendar items are of a routine or generally uncontested nature and may be acted upon with one motion. Pursuant to Section 5.1 of the City Council Rules of Conduct, any member of the Council or public may request to have an item pulled from the Consent Calendar to be acted upon individually.

Time Estimate

Page

Consent Calendar: 1 - 10 Minutes

1. [NOVEMBER 2005 FINANCE & INVESTMENT REPORT - CITY](#)7
Recommended Action(s): **Accept** and **File** Report.
- P
2. [INDOOR RECREATION CENTER PROJECT – NOVEMBER CONSTRUCTION PROGRESS REPORT](#)33
Recommended Action(s): **Information** only.
3. [BUDGET AMENDMENT TO AUTHORIZE THE EXPENDITURE OF \\$32,000 IN GRANT FUNDS FROM THE SANTA CLARA VALLEY WATER DISTRICT](#)34
Recommended Action(s): **Amend** the Fiscal Year 2005-2006 Budget to Authorize the Expenditure of \$32,000 in Grant Funds Received from the Santa Clara Valley Water District for Storm Water Quality Outreach Efforts.
4. [RESOLUTION AMENDING CITY'S CONFLICT OF INTEREST CODE REPORTING CATEGORIES](#)35
Recommended Action(s): **Adopt** Resolution Amending the List of Positions Subject to the City's Conflict of Interest Code.
5. [ACCEPTANCE OF SCOREBOARD DONATION FOR THE AQUATICS CENTER FROM THE RICK FAMILY](#)40
Recommended Action(s): **Accept** Donation of a Ten Lane Colorado Scoreboard by the Rick Family to the Aquatics Center.
6. [AB1600 DEVELOPMENT IMPACT FEE REPORT FOR FISCAL YEAR 2004-2005](#)41
Recommended Action(s): **Accept** and **File** the AB1600 Development Impact Fee Report for the 2004-2005 Fiscal Year.

City Council and Redevelopment Agency Action

CONSENT CALENDAR:

ITEMS 7-8

Time Estimate

Page

Consent Calendar: 1 - 10 Minutes

7. [APPROVE SPECIAL CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES FOR NOVEMBER 30, 2005](#)55
8. [APPROVE SPECIAL AND REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES FOR DECEMBER 7, 2005](#) 66

Redevelopment Agency Action

CONSENT CALENDAR:

ITEMS 9-11

	Time Estimate		Page
	Consent Calendar: 1 - 10 Minutes		
9.		<u>NOVEMBER 2005 FINANCE & INVESTMENT REPORT - RDA</u>81 <u>Recommended Action(s):</u> <u>Accept</u> and <u>File</u> Report.	
10.		<u>ROYAL COURT FOR-SALE HOUSING – MODIFY LOAN TERMS TO PROVIDE GREATER AFFORDABILITY</u>90 <u>Recommended Action(s):</u> <u>Authorize</u> the Executive Director to Modify as Appropriate, and Execute, Subject to Review and Approval by Agency Counsel, the Loan Documents Allowing \$1 Million of the Existing Redevelopment Agency Loan Amount to be used for 45-Year Resale Restrictions for Nine For-Sale Homes.	
11.		<u>LOAN PAYOFF FROM ANRITSU</u>91 <u>Recommended Action(s):</u> <u>Authorize</u> the Executive Director to do Everything Necessary and Appropriate to Accept \$57,519.31 as the Payoff for the Total Outstanding Principal (\$44,162.75) and Interest (\$13,356.56) for the Loan to Anritsu Company.	

City Council Action

PUBLIC HEARINGS:

	Time Estimate		Page
12.	5 Minutes	<u>DEVELOPMENT AGREEMENT AMENDMENT, DAA-04-03: DEWITT-LATALA</u>94 Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion. Action- <u>Motion to Waive</u> the Reading in Full of Ordinance. Action- <u>Motion to Introduce</u> Ordinance by Title Only. (Roll Call Vote)	
13.	5 Minutes	<u>ZONING AMENDMENT, ZA-05-12: MONTEREY-CITY OF MORGAN HILL/MORGAN HILL HOUSE</u>98 Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion. Action- <u>Motion to Waive</u> the Reading in Full of Ordinance. Action- <u>Motion to Introduce</u> Ordinance by Title Only. (Roll Call Vote)	

City Council Action

OTHER BUSINESS:

	Time Estimate		Page
14.	10 Minutes	<u>OPTIONS FOR PLACING INITIATIVE ON BALLOT TO REMOVE SUPERMARKET RESTRICTION AT COCHRANE PLAZA</u>	102
		Recommended Action(s): Discuss Options for Placing Initiative on Ballot to Remove Supermarket Restriction at Cochrane Plaza.	
15.	10 Minutes	<u>CIVIC CENTER PLAZA BENCHES</u>	103
		Recommended Action(s): Receive and Approve Recommendation from the Library, Culture and Arts Commission on Design Elements of Civic Center Plaza Benches, to be provided at the City Council meeting of December 14, 2005.	
16.	5 Minutes	<u>2005-2006 HAZARDOUS VEGETATION PROGRAM</u>	104
		Recommended Action(s): Adopt Resolution Declaring Weeds and Brush to be a Nuisance and Setting January 11, 2006 as the date for the Public Hearing Regarding Weed Abatement; and June 7, 2006 as the date for the Public Hearing Regarding Brush Abatement.	
17.	5 Minutes	<u>COMMUNITY SPECIAL EVENT FUNDING REQUESTS</u>	107
		Recommended Action(s):	
		1. Request that all Special Event Funding Requests be Submitted to Council no later than March 31, 2006 for Fiscal Year 2006-2007, and that this will become an Annual Requirement for Funding Requests;	
		2. Requests for April 2006 thru June 30, 2006 will be Determined on a Case by Case Basis;	
		3. Review of Requests by Council within 30 Days of the Deadline to Provide Budget Direction to Staff; and	
		4. Require Downtown Events Requesting a Friday Closure of Monterey Street to Follow the Specific Time Approved for all Events; with Exemptions Requiring Approval by Council.	
18.	10 Minutes	<u>COMMUNITY AND CULTURAL CENTER AND PLAYHOUSE PROPOSED RENTAL RATE INCREASES</u>	109
		Recommended Action(s): Direct Staff to Implement the Proposed Rental Rate Increases, Effective January 1, 2006, as Outlined in Staff Report.	
19.	10 Minutes	<u>AQUATICS CENTER FALL SEASON ACTIVITY REPORT</u>	110
		Recommended Action(s): Receive Aquatics Center Report on Fall Season Activities and Current Estimate for Year-End Net Impact to General Fund.	
20.	15 Minutes	<u>CONSIDER PROPOSED TEXT AMENDMENTS TO TITLE 2, ADMINISTRATION AND PERSONNEL, OF THE MORGAN HILL MUNICIPAL CODE</u>	113
		Recommended Action(s):	
		1. Consider Board, Committee and Commission Recommended Changes to Draft Ordinance;	
		2. Provide Staff with Any Further Recommended Text Amendments; and	
		3. Direct Staff to Return with an Ordinance, Incorporating Amendments to the Municipal Code as they relate to Council Appointed Boards and Commissions.	

OTHER BUSINESS:

Time Estimate		Page
21.	10 Minutes	<u>REVIEW OF CITY COUNCIL COMMITTEES AND APPOINTMENTS TO OUTSIDE AGENCIES</u>.....119
		<u>Recommended Action(s):</u>
1.		<u>Review</u> the Current List of Assignments and Appointments and Make Suggested Changes to the Mayor;
2.		<u>Mayor to Appoint</u> Council Members to Serve on the Various Council Committees and Outside Agencies, Subject to City Council Approval; and
3.		<u>Direct</u> the City Clerk to Notify the Appropriate Agencies of Amended Assignments.

FUTURE COUNCIL-INITIATED AGENDA ITEMS:

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

ADJOURNMENT



CITY COUNCIL STAFF REPORT

MEETING DATE: *December 14, 2005*

NOVEMBER 2005 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY:

Attached is the monthly Finance and Investment Report for the period ended November 30, 2005. The report covers the first five months of activity for the 2005/2006 fiscal year. A summary of the report is included on the first page for the City Council's benefit.

The monthly Finance and Investment Report is presented to the City Council and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity in the City, including the Redevelopment Agency. The Redevelopment Agency receives a separate report for the fiscal activity of the Agency at the meeting of the Agency. Presenting this report is consistent with the goal of *Maintaining and Enhancing the Financial Viability of the City*.

FISCAL IMPACT: as presented

Agenda Item # 1

Prepared By:

Finance Director

Submitted By:

City Manager

CITY OF MORGAN HILL
Monthly Financial and Investment Reports
November 30, 2005 – 42% Year Complete



CITY OF MORGAN HILL

Prepared by:
FINANCE DEPARTMENT



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2005/06
FOR THE MONTH OF NOVEMBER 2005 - 42% OF YEAR COMPLETE

This analysis of the status of the City's financial situation reflects 42% of the year. However, this analysis is somewhat limited. Many of the City's current year revenues have not been received as of this time of the year, such as property taxes and franchise fees. The beginning of a fiscal year normally reflects a surge in purchasing. This is due to the start of projects included in the new budget and to the season to take advantage of good weather for construction projects.

- * **General Fund** - The revenues received in the General Fund were approximately 31% of the budgeted revenues. Only \$922,065 in property related taxes has been received by the City. The amount of Sales Tax collected was 31% of the sales tax revenue budget and was 4% less than the amount collected for the same period last year. This low percentage and drop in sales taxes compared to last year are the result of the timing of sales tax receipts. Unlike the beginning of last fiscal year, the City must wait, under the triple flip legislation, until late in the year to receive 25% of its sales tax revenues. If the amount of sales tax delayed by the State were included in year-to-date receipts, it is estimated that the City would have received \$2,338,000, as of November 30, or 41% of the budgeted amount. Business license and other permit collections through November were 95% of the budgeted amount. Most of the business license renewal fees were due in July; therefore the higher percentage of budget collected early in the year is normal. Motor Vehicle-in-Lieu revenues were \$153,520, or 81% of the budgeted amount. Interest & Other Revenue was 43% of budget and did not reflect certain October or November interest earnings that will be posted in January as part of earnings for the quarter ending December 31.
- * The General Fund expenditures and encumbrances to date totaled 42% of the budgeted appropriations. The outstanding encumbrances in several activities were encumbrances for projects started but not completed in the prior year and carried forward to the current fiscal year. The higher balances expended in the Administration budgets for the City Attorney, Cable Television, and Communications & Marketing related to contracts encumbered early in the fiscal year. The higher balance in the Recreation budget related to recreation contracts let in the beginning of the fiscal year and to seasonal aquatics program expenditures incurred in the summer.
- * **Transient Occupancy (Hotel) Tax** - The TOT rate is 10%. The City receives transient occupancy taxes on a quarterly basis. Taxes for the first quarter ending September 30 totaled \$317,574, or 33% of the budget and 11% more than the prior year amount. Taxes for the months of October and November have not yet been received and will be collected by the City after the end of the quarter ending December.
- * **Community Development** - Revenues were 50% of budget, which was 20% less than the amount collected in the like period for the prior year. Planning expenditures plus encumbrances were 42% of budget; Building has expended or encumbered 37% of budget and Engineering 49%. Community Development has expended or encumbered a combined total of 43% of the 2005/06 budget, including \$328,934 in encumbrances. If encumbrances were excluded, Community Development would have spent only 34% of the combined budget.
- * **RDA and Housing** - Only \$2,291,325 in property tax increment revenues has been received as of November 30, 2005. Expenditures plus encumbrances totaled 55% of budget. If encumbrances totaling \$15,825,874 were excluded, the RDA would have spent only 20% of the combined budget.



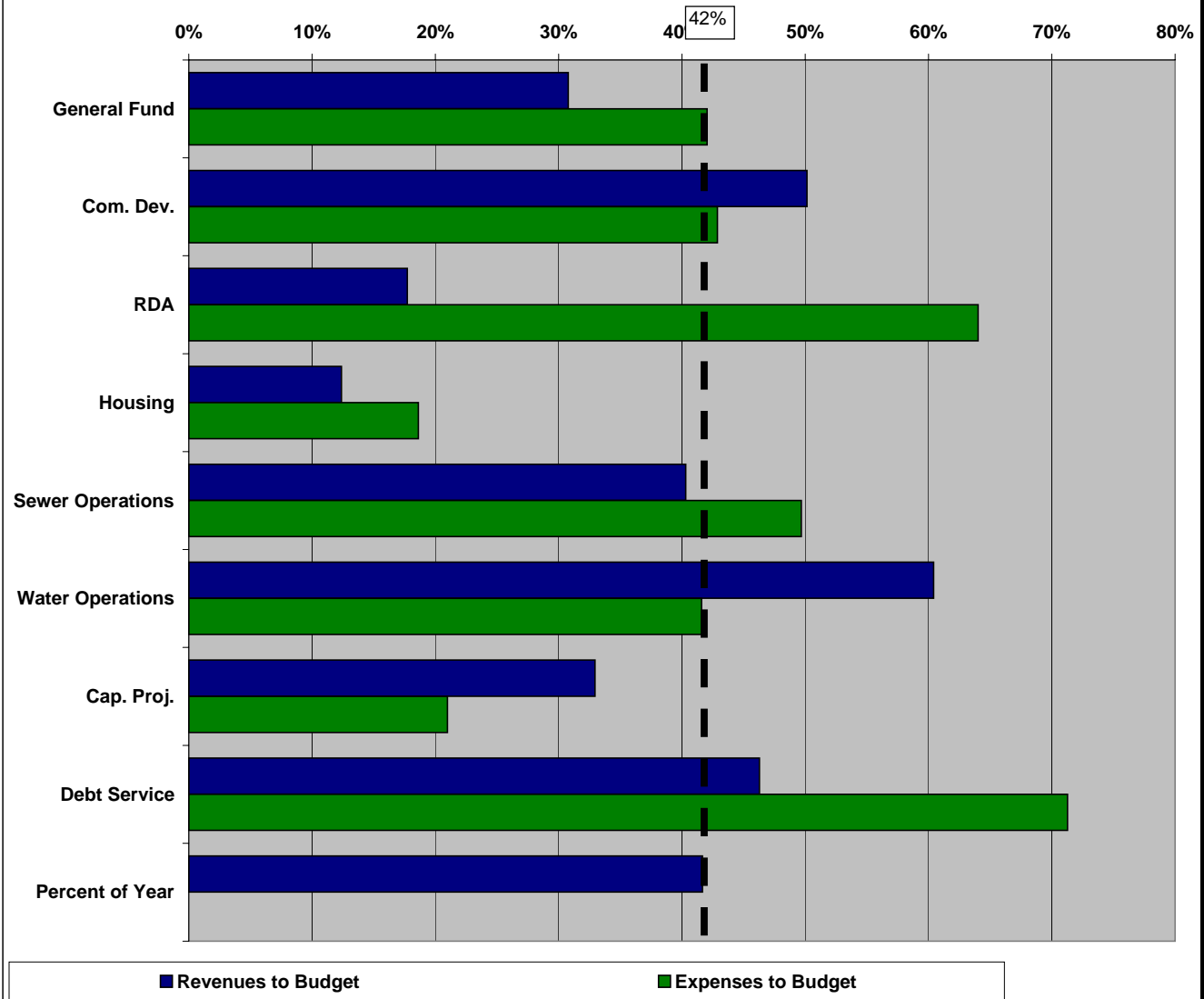
CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2005/06
FOR THE MONTH OF NOVEMBER 2005 - 42% OF YEAR COMPLETE

- * **Water and Sewer Operations-** Water Operations revenues, including service fees, were 60% of budget. Expenditures totaled 42% of appropriations. Sewer Operations revenues, including service fees, were 40% of budget. Expenditures for sewer operations were 50% of budget. This higher percentage resulted from a principal and interest payment on debt service paid in July.
- * **Investments maturing/called/sold during this period.** – During the month of November, \$2 million in federal agency securities held by the City matured. Further details of investments are included on pages 6-8 of this report.



Morgan Hill YTD Revenue & Expense Summary

November 30, 2005 – 42% Year Complete



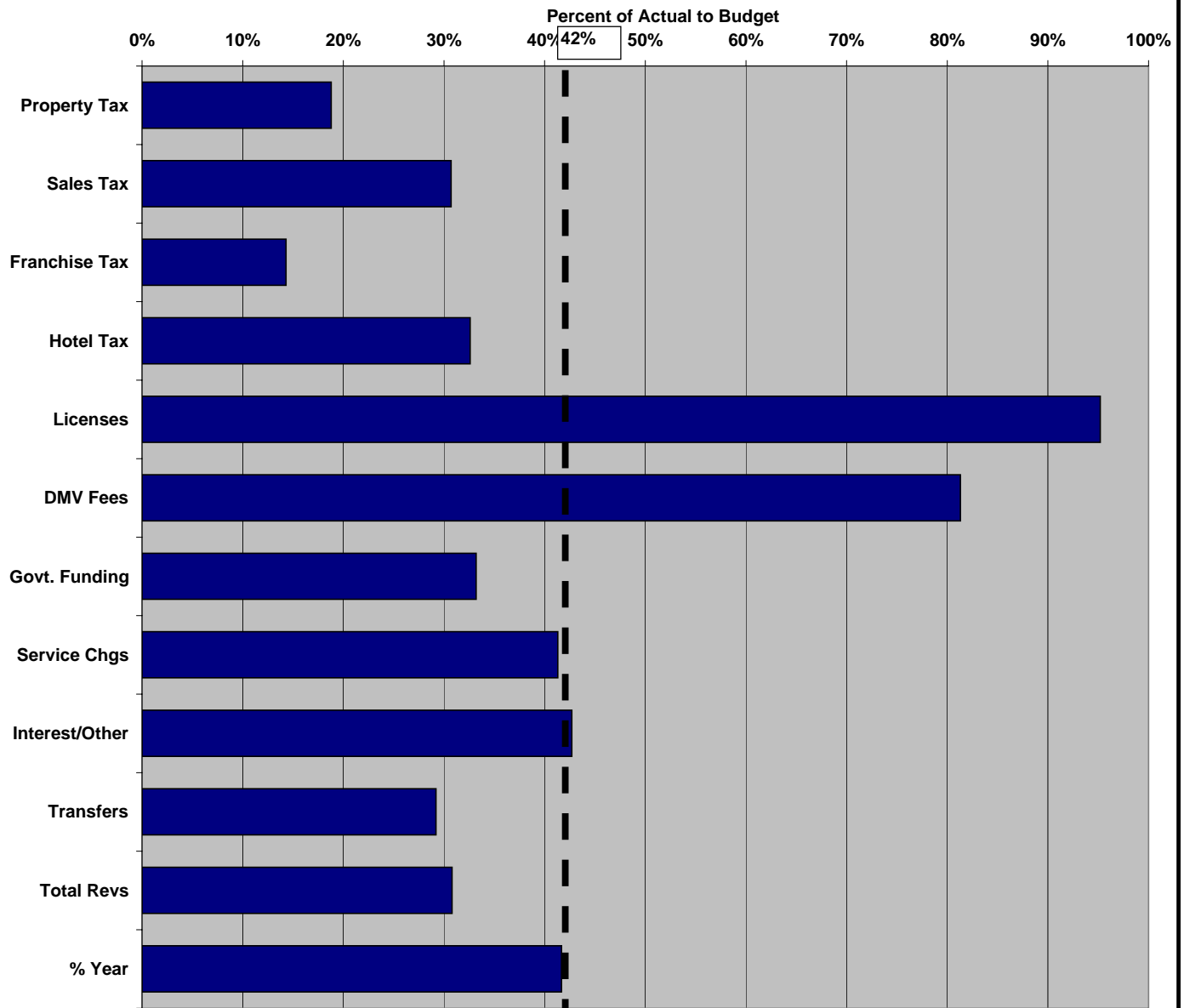
FUND NAME	REVENUES		EXPENSES		11/30/2005 UNRESTRICTED FUND BALANCE
	ACTUAL	% OF BUDGET	ACTUAL plus ENCUMBRANCES	% OF BUDGET	
General Fund	\$5,765,945	31%	\$8,451,357	42%	\$7,269,132
Community Development	1,515,812	50%	1,593,624	43%	2,267,738
RDA	3,538,732	18%	22,046,313	64%	(6,454,851)
Housing/CDBG	608,233	12%	2,638,857	19%	4,122,509
Sewer Operations	2,392,364	40%	3,400,317	50%	1,854,069
Sewer Other	1,214,547	52%	2,465,953	55%	11,977,677
Water Operations	4,622,603	60%	3,695,653	42%	5,081,386
Water Other	250,632	16%	2,365,067	34%	1,546,944
Other Special Revenues ¹	596,897	49%	534,922	19%	4,998,466
Capital Projects & Streets Funds	3,280,770	33%	3,426,071	21%	26,008,223
Debt Service Funds	336,491	46%	509,536	71%	688,117
Internal Service	1,871,505	35%	2,138,684	42%	5,305,442
Agency	40,467	2%	1,440,919	72%	2,810,652
TOTAL FOR ALL FUNDS	\$26,034,998	31%	\$54,707,273	45%	\$67,475,504

¹ Includes all Special Revenue Funds except Community Development, CDBG, and Street Funds



Morgan Hill YTD General Fund Revenues

November 30, 2005 – 42% Year Complete

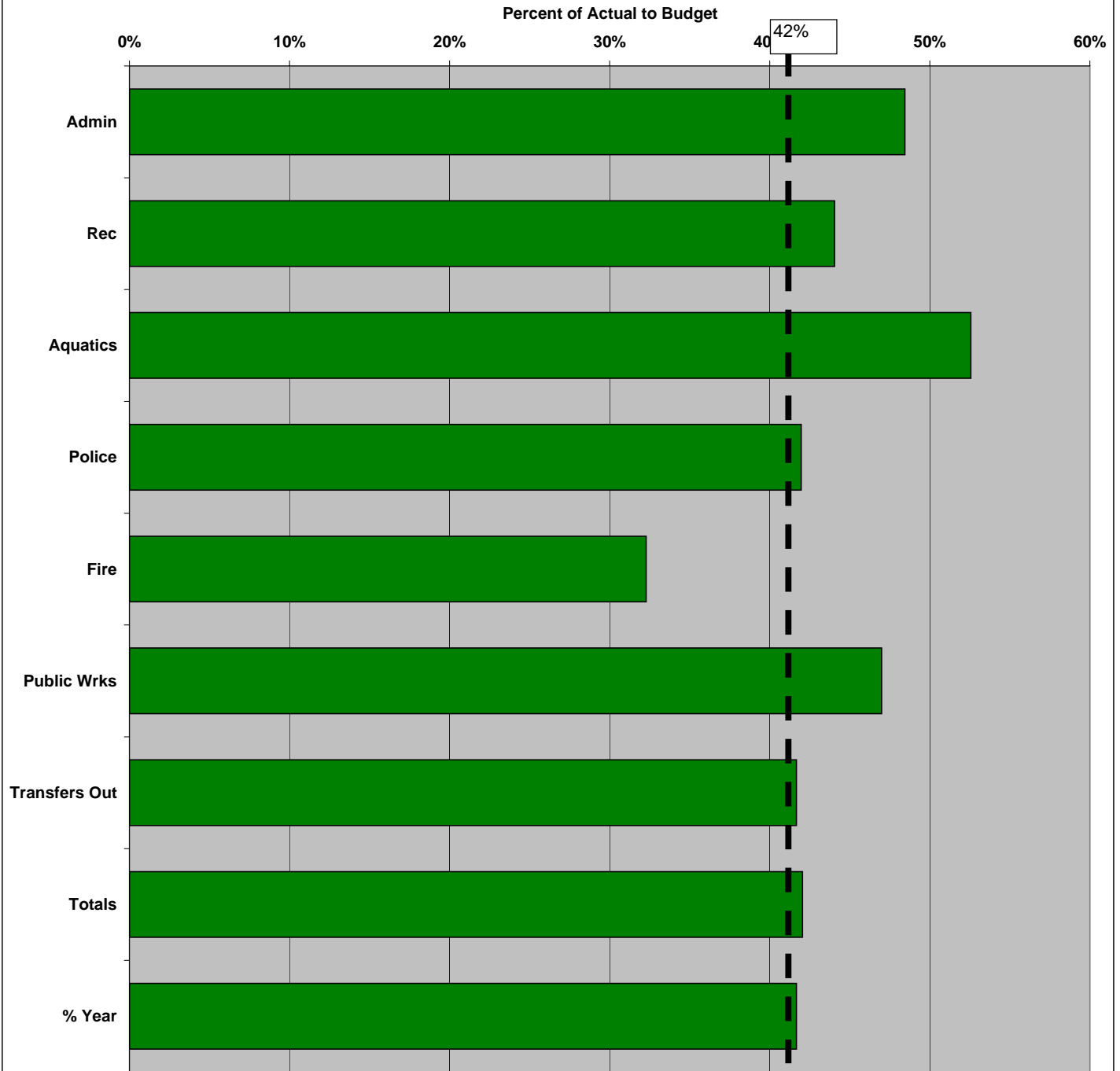


REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY RELATED TAXES	\$4,911,595	\$922,065	19%	\$782,261	18%
SALES TAXES	\$5,724,600	\$1,759,553	31%	\$1,832,003	-4%
FRANCHISE FEE	\$1,030,700	\$147,679	14%	\$144,624	2%
HOTEL TAX	\$974,560	\$317,574	33%	\$285,118	11%
LICENSES/PERMITS	\$161,680	\$153,999	95%	\$215,645	-29%
MOTOR VEHICLE IN LIEU	\$188,776	\$153,520	81%	\$133,357	15%
FUNDING - OTHER GOVERNMENTS	\$246,400	\$81,760	33%	\$25,963	215%
CHARGES CURRENT SERVICES	\$3,890,825	\$1,606,018	41%	\$1,624,542	-1%
INTEREST & OTHER REVENUE	\$1,151,300	\$492,027	43%	\$369,850	33%
TRANSFERS IN	\$451,865	\$131,750	29%	\$196,149	-33%
TOTALS	\$18,732,301	\$5,765,945	31%	\$5,609,512	3%



Morgan Hill YTD General Fund Expenditures

November 30, 2005 – 42% Year Complete



Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
ADMINISTRATION	3,144,885	1,582,104	48%
RECREATION/CCC	1,688,751	701,438	44%
AQUATICS	1,403,838	737,945	53%
POLICE	8,765,340	3,678,384	42%
FIRE	4,377,495	1,413,017	32%
PUBLIC WORKS	711,485	334,302	47%
TRANSFERS OUT	10,000	4,167	42%
TOTALS	\$ 20,101,794	\$ 8,451,357	42%



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2005/06
For the Month of November 2005
42% of Year Completed

Fund No.	Fund	Unaudited Fund Balance 06-30-05	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted ²
010	GENERAL FUND	\$9,954,544	\$5,765,945	31%	\$8,030,315	40%	(\$2,264,370)	\$421,042	\$7,269,132	\$7,453,774	\$6,312
TOTAL GENERAL FUND		\$9,954,544	\$5,765,945	31%	\$8,030,315	40%	(\$2,264,370)	\$421,042	\$7,269,132	\$7,453,774	\$6,312
202	STREET MAINTENANCE	\$1,256,939	\$598,280	12%	\$823,122	15%	(\$224,842)	\$467,784	\$564,313	\$1,037,340	
204/205	PUBLIC SAFETY/SUPPL. LAW	\$246,962	\$102,296	94%	\$73,133	42%	\$29,163		\$276,125	\$285,652	
206	COMMUNITY DEVELOPMENT	\$2,345,550	\$1,515,812	50%	\$1,264,690	34%	\$251,122	\$328,934	\$2,267,738	\$2,695,271	
207	GENERAL PLAN UPDATE	\$323,624	\$154,999	69%	\$20,570	6%	\$134,429	\$80,594	\$377,459	\$461,806	
210	COMMUNITY CENTER	\$202,102	\$2,023	58%		n/a	\$2,023		\$204,125	\$205,305	
215 / 216	CDBG	152,202	\$302	0%	\$65,178	10%	(\$64,876)	720,568	(\$633,242)	\$89,028	
225	ASSET SEIZURE	\$8,691	\$87	5%	\$300	n/a	(\$213)		\$8,478	\$8,716	
229	LIGHTING AND LANDSCAPE	(\$4,917)	\$37	0%	\$65,159	48%	(\$65,122)	\$55,340	(\$125,379)	(\$68,940)	
232	ENVIRONMENTAL PROGRAMS	\$772,796	\$136,410	26%	\$141,054	32%	(\$4,644)	\$65,210	\$702,942	\$779,085	
234	MOBILE HOME PK RENT STAB.	\$165,800	\$6,802	69%	\$407	8%	\$6,395		\$172,195	\$173,641	
235	SENIOR HOUSING	\$248,077	\$2,470	36%	\$3,275	4%	(\$805)		\$247,272	\$249,643	
236	HOUSING MITIGATION	\$2,323,017	\$173,669	124%	-		\$173,669	15,000	\$2,481,686	\$2,509,431	
240	EMPLOYEE ASSISTANCE	\$75,248	\$12,559	29%	9,200	16%	\$3,359		\$78,607	\$78,304	
247	ENVIRONMENT REMEDIATION	\$575,091	5,545	65%	5,680	4%	(\$135)		\$574,956	\$555,354	
TOTAL SPECIAL REVENUE FUNDS		\$8,691,182	\$2,711,291	28%	\$2,471,768	20%	\$239,523	\$1,733,430	\$7,197,275	\$9,059,635	
301	PARK DEV. IMPACT FUND	\$3,992,733	\$553,770	68%	\$49,673	2%	\$504,097	\$144,655	\$4,352,175		\$4,534,915
302	PARK MAINTENANCE	\$3,522,968	\$167,680	40%	\$35,417	19%	\$132,263	\$312	\$3,654,919	\$3,685,484	
303	LOCAL DRAINAGE	\$3,767,143	\$249,136	20%	\$10,639	1%	\$238,497		\$4,005,640		\$4,037,528
304	LOCAL DRAINAGE/NON-AB1600	\$3,425,722	\$125,775	35%	\$67,027	5%	\$58,748	\$6,501	\$3,477,969	\$3,434,965	
306	OPEN SPACE	\$1,240,852	\$172,580	101%	1,573		\$171,007	\$10,000	\$1,401,859	\$1,421,701	
309	TRAFFIC IMPACT FUND	\$3,319,523	\$754,749	67%	\$218,839	11%	\$535,910	\$778,950	\$3,076,483		\$3,870,759
311	POLICE IMPACT FUND	\$175,878	\$31,492	30%	\$174,620	67%	(\$143,128)	\$10,000	\$22,750		\$33,953
313	FIRE IMPACT FUND	\$2,493,753	\$66,929	34%	\$574	0%	\$66,355		\$2,560,108		\$2,582,795
317	REDEVELOPMENT AGENCY	12,123,779	\$3,538,732	18%	\$6,630,831	19%	(\$3,092,099)	15,486,531	(\$6,454,851)	\$9,238,042	
327 / 328	HOUSING	6,695,549	\$607,931	14%	\$1,927,337	19%	(\$1,319,406)	620,392	\$4,755,751	\$5,473,539	
340/342	MORGAN HILL BUS.RANCH I & II	23,895	\$242	8%	-		\$242	-	\$24,137	\$24,732	
346	PUBLIC FACILITIES NON-AB1600	\$778,874	\$332,762	146%	51,569		\$281,193	\$432,083	\$627,984	\$1,048,586	\$65,831
347	PUBLIC FACILITIES IMPACT FUND	501,378	\$129,815	167%	\$22,365	31%	\$107,450	47,176	\$561,652		\$612,000
348	LIBRARY IMPACT FUND	\$570,146	\$51,997	42%	\$84	42%	\$51,913		\$622,059		\$627,069
350	UNDERGROUNDING	1,010,707	10,220	5%	\$9,974	1%	\$246	73,134	\$937,819	\$1,024,008	
360	COMM/REC CTR IMPACT FUND	\$83,013	35,343	5%		1%	\$35,343		\$118,356	\$118,873	
TOTAL CAPITAL PROJECT FUNDS		\$43,725,913	\$6,829,153	23%	\$9,200,522	17%	(\$2,371,369)	\$17,609,734	\$23,744,810	\$25,469,931	\$16,364,850
441	POLICE FACILITY BOND DEBT	\$456,526	335,241	n/a	328,157		\$7,084		\$463,610	\$1,143	\$462,315
545	COCHRANE BUSINESS PARK	\$370,167	1,215	0%	153,269	77%	(\$152,054)		\$218,113	\$39,747	\$180,950
551	JOLEEN WAY	\$34,469	\$35	0%	\$28,110	77%	(\$28,075)		\$6,394	(\$10,653)	\$17,250
TOTAL DEBT SERVICE FUNDS		\$861,162	\$336,491	46%	\$509,536	71%	(\$173,045)		\$688,117	\$30,237	\$660,515



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2005/06
For the Month of November 2005
42% of Year Completed

Fund No.	Fund	Unaudited Fund Balance 06-30-05	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted ²
640	SEWER OPERATIONS	\$13,448,714	\$2,392,364	40%	\$3,342,584	49%	(\$950,220)	\$10,644,425	\$1,854,069	\$1,463,327	\$1,894,979
641	SEWER IMPACT FUND	11,397,916	\$1,151,592	60%	\$1,666,417	49%	(\$514,825)	4,882,807	\$6,000,284		\$6,061,042
642	SEWER RATE STABILIZATION	\$4,573,148	\$45,140	38%	\$881	42%	\$44,259		\$4,617,407	\$4,617,406	
643	SEWER-CAPITAL PROJECTS	9,525,501	\$17,815	6%	\$399,950	38%	(\$382,135)	7,783,380	\$1,359,986	\$1,558,280	
650	WATER OPERATIONS	\$23,612,699	\$4,622,603	60%	\$3,031,975	34%	\$1,590,628	\$20,121,941	\$5,081,386	\$4,750,168	\$381,972
651	WATER IMPACT FUND	3,864,636	\$188,732	33%	\$409,985	19%	(\$221,253)	3,975,366	(\$331,984)		\$3,808,933
652	WATER RATE STABILIZATION	\$26,896	\$29,561	4%	\$205	42%	\$29,356		\$56,252	\$56,252	
653	WATER -CAPITAL PROJECT	9,084,344	\$32,339	11%	\$756,228	32%	(\$723,889)	6,537,781	\$1,822,676	\$2,718,013	\$206,180
TOTAL ENTERPRISE FUNDS		\$75,533,854	\$8,480,146	49%	\$9,608,225	39%	(\$1,128,079)	\$53,945,700	\$20,460,076	\$15,163,445	\$12,353,106
730	DATA PROCESSING	482,422	\$105,919	42%	\$102,025	30%	\$3,894	215,264	\$271,052	\$274,556	
740	BUILDING MAINTENANCE	1,045,710	\$694,365	42%	\$485,945	35%	\$208,420	51,612	\$1,202,518	\$1,293,760	
745	CIP ADMINISTRATION	23,328	\$489,298	35%	\$503,668	36%	(\$14,370)	52,840	(\$43,882)	\$86,896	
760	UNEMPLOYMENT INS.	\$32,787	\$24,294	42%	\$4,577	8%	\$19,717		\$52,504	\$52,505	
770	WORKER'S COMP.	293,995	\$112,253	12%	\$229,398	30%	(\$117,145)	-	\$176,850	\$891,355	\$40,000
790	EQUIPMENT REPLACEMENT	3,487,850	\$206,887	38%	\$31,361	6%	\$175,526	634,471	\$3,028,905	\$3,189,668	
793	CORPORATION YARD	245,776	\$7,114	50%	\$37,826	na	(\$30,712)	288,983	(\$73,919)	\$20,811	
795	GEN'L LIABILITY INS.	\$762,411	\$231,375	46%	\$302,372	62%	(\$70,997)		\$691,414	\$762,357	
TOTAL INTERNAL SERVICE FUNDS		\$6,374,279	\$1,871,505	35%	\$1,697,172	33%	\$174,333		\$5,305,442	\$6,571,909	\$40,000
820	SPECIAL DEPOSITS									\$1,245,897	
843	M.H. BUS. RANCH 1998	\$1,547,842	\$10,178	33%	\$598,108	69%	(\$587,930)		\$959,912	\$64,443	\$896,008
844	MH RANCH RSMNT 2004A	\$1,049,273	\$5,018		\$530,290	89%	(\$525,272)		\$524,001	\$120,240	\$408,673
845	MADRONE BP-TAX EXEMPT	\$1,049,689	\$9,695		\$265,635	60%	(\$255,940)		\$793,749	(\$18,700)	\$852,426
846	MADRONE BP-TAXABLE	\$78,980	\$7,912	2%	\$44,083	51%	(\$36,171)		\$42,808	\$23,129	\$19,827
848	TENNANT AVE.BUS.PK A.D.	\$466,310	\$4,632	33%	\$2,803	na	\$1,829		\$468,139	\$472,318	
881	POLICE DONATION TRUST FUND	\$21,829	\$214	33%			\$214		\$22,043		\$21,863
TOTAL AGENCY FUNDS		\$4,213,923	\$37,649	2%	\$1,440,919	72%	(\$1,403,270)		\$2,810,652	\$1,907,328	\$2,198,798
SUMMARY BY FUND TYPE											
	GENERAL FUND GROUP	\$9,954,544	\$5,765,945	31%	\$8,030,315	40%	(\$2,264,370)	\$421,042	\$7,269,132	\$7,453,774	\$6,312
	SPECIAL REVENUE GROUP	\$8,691,182	\$2,711,291	28%	\$2,471,768	20%	\$239,523	\$1,733,430	\$7,197,275	\$9,059,635	
	DEBT SERVICE GROUP	\$861,162	\$336,491	46%	\$509,536	71%	(\$173,045)		\$688,117	\$30,237	\$660,515
	CAPITAL PROJECTS GROUP	\$43,725,913	\$6,829,153	23%	\$9,200,522	17%	(\$2,371,369)	\$17,609,734	\$23,744,810	\$25,469,931	\$16,364,850
	ENTERPRISE GROUP	\$75,533,854	\$8,480,146	49%	\$9,608,225	39%	(\$1,128,079)	\$53,945,700	\$20,460,076	\$15,163,446	\$12,353,106
	INTERNAL SERVICE GROUP	\$6,374,279	\$1,871,505	35%	\$1,697,172	33%	\$174,333		\$5,305,442	\$6,571,909	\$40,000
	AGENCY GROUP	\$4,213,923	\$37,649	2%	\$1,440,919	72%	(\$1,403,270)		\$2,810,652	\$1,907,328	\$2,198,798
TOTAL ALL GROUPS		\$149,354,857	\$26,032,180	31%	\$32,958,457	27%	(\$6,926,277)	\$73,709,906	\$67,475,504	\$65,656,259	\$31,623,581
TOTAL CASH AND INVESTMENTS										\$97,279,840	

For Enterprise Funds - Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.

¹ Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

² Amount restricted for debt service payments and AB1600 capital expansion projects as detailed in the City's five year CIP Plan and bond agreements.



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF NOVEMBER 2005
FOR THE FISCAL YEAR OF 2005-06

	Invested in Fund	Yield	Book Value End of Month	Investment Category Subtotal at Cost	% of Total	Market Value
Investments						
State Treasurer LAIF - City	All Funds Pooled	3.32%	\$12,659,193		13.01%	\$12,622,267 *
- RDA	RDA	3.32%	\$5,685,481		5.84%	\$5,668,897 *
- Corp Yard	Corp Yard	3.32%	\$53,992		0.06%	\$53,834 *
Federal Issues	All Funds Pooled	3.20%	\$64,246,637		66.04%	\$62,758,440
SVNB CD	All Funds Pooled	3.60%	\$2,000,000		2.06%	\$2,000,000
Money Market	All Funds Pooled	3.00%	\$2,369,997	\$87,015,300	2.44%	\$2,369,997
Bond Reserve Accounts - held by trustees						
BNY - 2002 SCRWA Bonds						
MBIA Repurchase & Custody Agmt	Sewer	4.78%	\$1,849,400			
Blackrock Provident Temp Fund		2.44%	\$45,579		1.95%	\$1,895,087 *
US Bank - 1999 Water C.O.P.						
FHLMC	Water	4.13%	\$381,972		0.39%	\$421,751 *
BNY - MH Water Revenue Bonds						
Blackrock Liquidity Temp Fund	Water	3.44%	\$18,655		0.02%	\$18,655 *
FHLB		4.50%	\$687,267			\$687,436 *
Morgan Stanley Repurchase Agreement		1.64%	\$1,778,873			\$1,778,873 *
BNY - MH Police Facility Lease Revenue Bonds						
JP Morgan Treasury Plus	Debt Service	2.22%	\$65,834		0.54%	\$65,834 *
FNMA	Public Facility	4.36%	\$462,312			\$462,471 *
US Bank - MH Ranch 98						
First American Treasury Obligation	MH Ranch					
Agency Fund		2.96%	\$896,008		0.92%	\$896,008 *
BNY - Madrone Bus Park Tax Exempt						
Blackrock Liquidity Temp Fund #20	Madrone Bus Park					
Agency Fund		2.40%	\$853,235		0.88%	\$853,235 *
BNY - Madrone Bus Park Taxable						
Blackrock Liquidity Temp Fund #20	Madrone Bus Park					
Agency Fund		2.40%	\$21,590		0.02%	\$21,590 *
BNY - MH Ranch 2004 A						
Blackrock Provident Temp Fund	MH Ranch Bus Park					
Agency Fund		2.44%	\$408,673	\$7,469,398	0.42%	\$408,673 *
Other Accounts/Deposits						
General Checking	All Funds		\$1,500,000		1.54%	\$1,500,000
Dreyfuss Treas Cash Management Account	All Funds		\$1,104,348		1.14%	\$1,104,348
Borel Bank - Cash in Escrow Account	Streets/Pub Fac	0.90%	\$144,482		0.15%	\$144,482 *
Athens Administrators Workers' Comp	Workers' Comp		\$40,000		0.04%	\$40,000
Petty Cash & Emergency Cash	Various Funds		\$6,312	\$2,795,142	0.01%	\$6,312
Total Cash and Investments			\$97,279,840	\$97,279,840	97.46%	\$95,778,190
MH Financing Authority Investment in						
		1.75% to				
MH Ranch AD Imprvmt Bond Series 2004		4.50%	\$4,795,000			Unavailable
MH Madrone Bus Park Bond Series A		5.82%	\$8,620,000			Unavailable
MH Madrone Bus Park Bond Series B		7.07%	\$1,110,000			Unavailable

CASH ACTIVITY SUMMARY
FY 05/06

Fund Type	07/01/05 Balance	Change in Cash Balance	11/30/05 Balance	Restricted	Unrestricted
General Fund	\$10,455,185	(\$2,995,099)	\$7,460,086	\$6,312	\$7,453,774
Community Development	\$2,484,637	\$210,634	\$2,695,271	\$0	\$2,695,271
RDA (except Housing)	\$12,565,424	(\$3,327,382)	\$9,238,042	\$0	\$9,238,042
Housing / CDBG	\$7,048,619	(\$1,486,053)	\$5,562,566	\$0	\$5,562,566
Water - Operations	\$4,039,659	\$1,092,481	\$5,132,140	\$381,972	\$4,750,168
Water Other	\$7,876,280	(\$1,086,903)	\$6,789,377	\$4,015,113	\$2,774,264
Sewer - Operations	\$4,352,715	(\$994,409)	\$3,358,306	\$1,894,979	\$1,463,327
Sewer Other	\$13,685,930	(\$1,449,201)	\$12,236,729	\$6,061,042	\$6,175,687
Other Special Revenue	\$4,926,444	\$311,552	\$5,237,996	\$0	\$5,237,996
Streets and Capital Projects (except RDA)	\$26,522,147	\$1,638,393	\$28,160,540	\$16,364,850	\$11,795,690
Assessment Districts/Debt Service	\$862,668	(\$171,916)	\$690,752	\$660,515	\$30,237
Internal Service	\$6,597,707	\$14,202	\$6,611,909	\$40,000	\$6,571,909
Agency Funds	<u>\$5,329,847</u>	<u>(\$1,223,721)</u>	<u>\$4,106,126</u>	<u>\$2,198,798</u>	<u>\$1,907,328</u>
Total	\$106,747,262	(\$9,467,422)	\$97,279,840	\$31,623,581	\$65,656,259

Note: See Investment Portfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports.
 * Market value as of 10/31/05

I certify the information on the investment reports on pages 6-8 has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill investment policy and all State laws and regulations.

Prepared by: _____
 Lourdes Reroma
 Accountant I

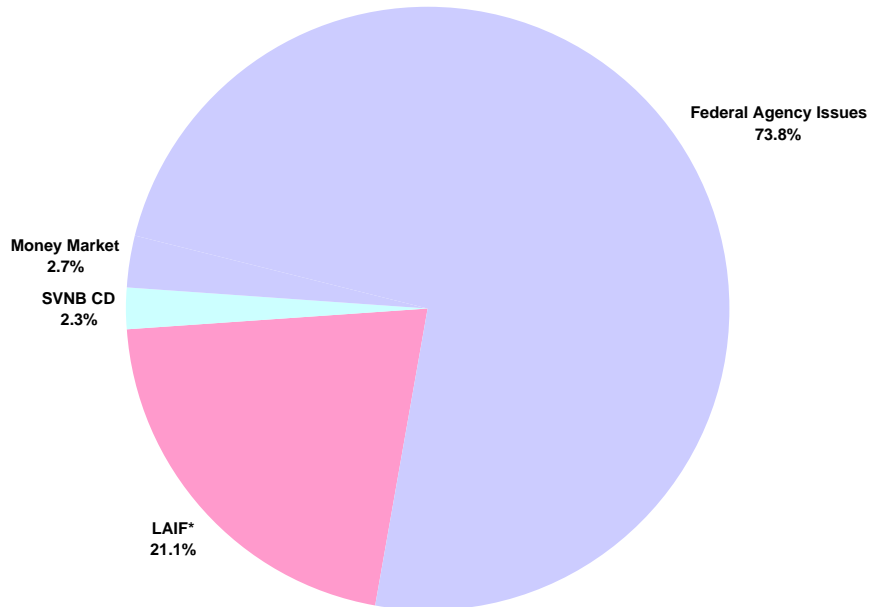
Approved by: _____
 Jack Dilles
 Director of Finance

Verified by: _____
 Tina Reza
 Assistant Director of Finance

 Mike Roorda
 City Treasurer



CITY OF MORGAN HILL INVESTMENT PORTFOLIO DETAIL as of 11/30/05



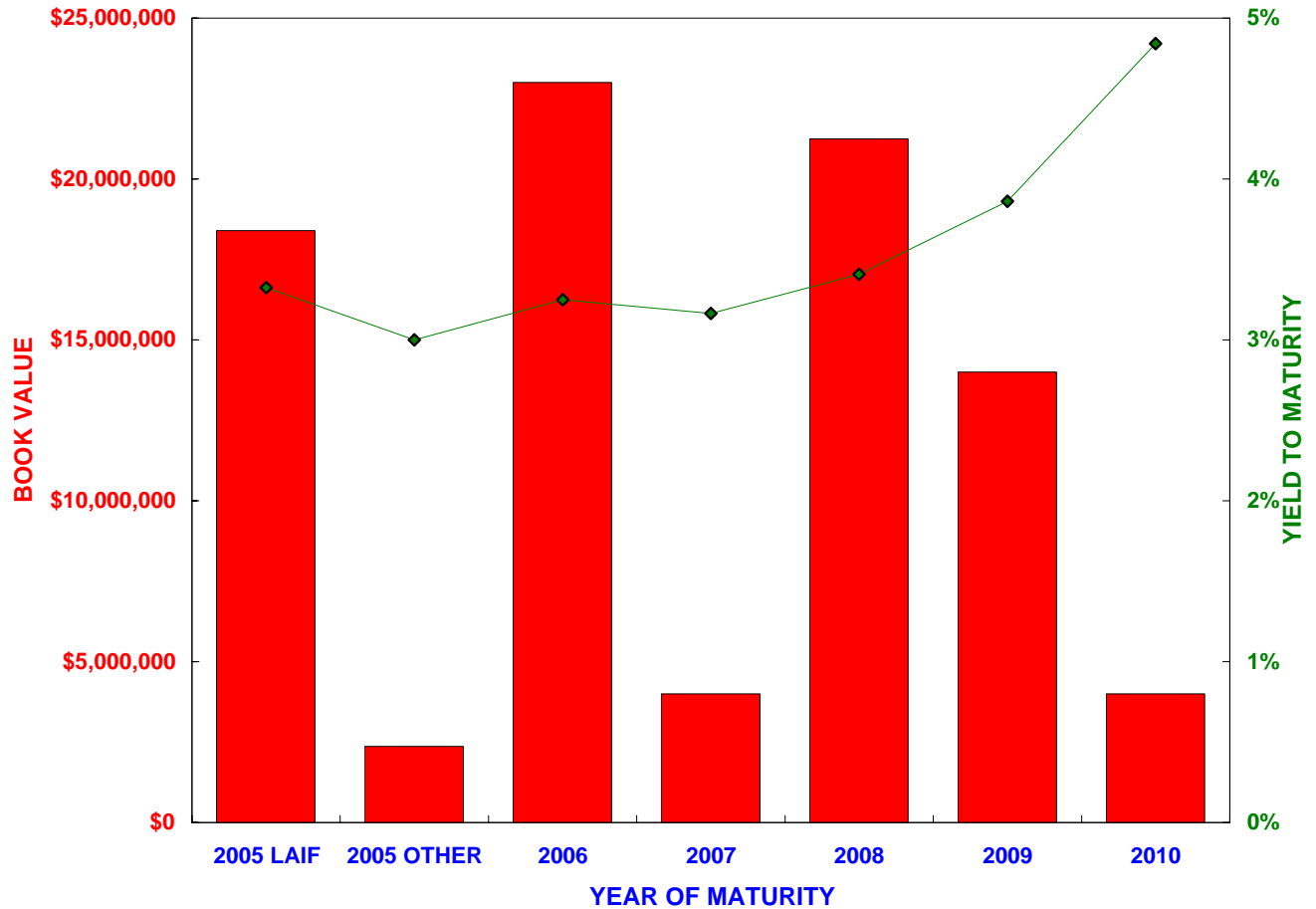
Investment Type	Purchase Date	Book Value	% of Portfolio	Market Value	Stated Rate	Interest Earned	Next Call Date	Date of Maturity	Years to Maturity
LAIF*		\$18,398,667	21.14%	\$18,344,998	3.324%	\$356,411			0.003
SVNB CD	07/07/05	\$2,000,000	2.30%	\$2,000,000	3.600%	\$29,400		07/06/07	1.679
Federal Agency Issues									
Fed Home Loan Bank	01/25/05	\$2,000,000	2.30%	\$1,993,760	3.000%	\$25,011	01/25/06	01/25/06	0.151
Fed Home Loan Mgt Corp	10/12/04	\$2,000,000	2.30%	\$1,984,980	2.700%	\$22,614	anytime	04/12/06	0.362
Fed Home Loan Bank	02/26/04	\$2,000,000	2.30%	\$1,979,380	2.563%	\$21,441	02/26/06	05/26/06	0.482
Fed Home Loan Bank	10/26/2005	\$4,000,000	4.60%	\$3,990,000	4.125%	\$16,319	n/c	07/26/06	0.649
Fed Home Loan Bank	11/29/04	\$2,000,000	2.30%	\$1,976,880	3.076%	\$25,833	02/28/06	08/28/06	0.740
Fed Home Loan Mgt Corp	11/30/04	\$2,000,000	2.30%	\$1,976,680	3.070%	\$25,500	08/30/06	08/30/06	0.745
Fed Home Loan Bank	03/08/05	\$1,999,488	2.30%	\$1,981,880	3.470%	\$29,395	12/08/05	09/08/06	0.770
Fed Home Loan Bank	12/15/04	\$2,000,000	2.30%	\$1,978,120	3.250%	\$27,083	12/15/05	09/15/06	0.789
Fed Home Loan Bank	03/15/05	\$1,000,000	1.15%	\$990,940	3.500%	\$14,673	12/15/05	09/15/06	0.789
Fed Home Loan Bank	03/29/04	\$2,000,000	2.30%	\$1,948,760	2.650%	\$22,186	12/29/06	12/29/06	1.077
Fed Home Loan Bank	03/18/04	\$2,000,000	2.30%	\$1,950,000	3.030%	\$25,397	12/18/05	06/18/07	1.545
Fed Home Loan Bank	03/29/04	\$2,000,000	2.30%	\$1,925,620	3.300%	\$27,630	03/28/06	12/28/07	2.074
Fed Home Loan Mgt Corp	03/12/03	\$2,000,000	2.30%	\$1,948,380	3.500%	\$29,355	03/12/06	03/12/08	2.279
Fed Home Loan Bank	03/26/03	\$2,000,000	2.30%	\$1,940,000	3.375%	\$28,265	anytime	03/26/08	2.318
Fed Home Loan Mgt Corp	04/16/03	\$2,000,000	2.30%	\$1,950,080	3.600%	\$30,148	04/16/06	04/16/08	2.375
Fed Home Loan Mgt Corp	04/17/03	\$1,997,149	2.30%	\$1,944,880	3.625%	\$31,412	04/17/06	04/17/08	2.378
Fed Farm Credit Bank	06/03/03	\$2,000,000	2.30%	\$1,928,760	3.210%	\$26,838	12/03/05	06/03/08	2.507
Fed Farm Credit Bank	06/12/03	\$2,000,000	2.30%	\$1,915,620	2.950%	\$24,664	01/30/06	06/12/08	2.532
Fed Home Loan Bank	07/30/03	\$2,000,000	2.30%	\$1,913,760	3.000%	\$25,024	01/30/06	07/30/08	2.663
Fed Home Loan Bank	07/30/03	\$2,000,000	2.30%	\$1,926,880	3.243%	\$27,276	01/30/06	07/30/08	2.663
Fed Home Loan Bank	07/30/03	\$2,000,000	2.30%	\$1,933,120	3.400%	\$28,361	01/30/06	07/30/08	2.663
Fed Home Loan Bank	08/14/03	\$1,250,000	1.44%	\$1,216,800	3.690%	\$19,268	02/14/06	08/14/08	2.704
Fed Home Loan Bank	10/15/03	\$2,000,000	2.30%	\$1,958,120	4.000%	\$16,750	anytime	10/15/08	2.874
Fed Farm Credit Bank	03/16/04	\$2,000,000	2.30%	\$1,902,500	3.650%	\$30,600	anytime	03/16/09	3.290
Fed Home Loan Bank	03/26/04	\$2,000,000	2.30%	\$1,950,000	4.000%	\$33,499	12/26/05	03/26/09	3.318
Fed Home Loan Bank	04/06/04	\$2,000,000	2.30%	\$1,928,760	3.625%	\$30,368	anytime	04/06/09	3.348
Fed Home Loan Bank	04/07/04	\$2,000,000	2.30%	\$1,926,880	3.600%	\$30,158	01/07/06	04/07/09	3.351
Fed National Mortgage	04/16/04	\$2,000,000	2.30%	\$1,933,760	3.750%	\$31,404	01/06/06	04/16/09	3.375
Fed Home Loan Bank	04/29/04	\$2,000,000	2.30%	\$1,934,380	3.750%	\$31,390	01/29/06	04/29/09	3.411
Fed Home Loan Bank	09/29/05	\$2,000,000	2.30%	\$1,969,380	4.650%	\$16,185	09/29/06	09/29/09	3.830
Fed Home Loan Bank	08/16/05	\$2,000,000	2.30%	\$1,986,880	4.875%	\$28,349	08/16/06	08/16/10	4.710
Fed Farm Credit Bank	08/30/05	\$2,000,000	2.30%	\$1,972,500	4.810%	\$24,710	09/07/07	09/07/10	4.770
Redeemed in FY 05/06						\$19,794			
Sub Total/Average		\$64,246,637	73.83%	\$62,758,440	3.204%	\$846,900			2.203
Money Market		\$2,369,997	2.72%	\$2,369,997	3.000%	\$1,834			0.003
TOTAL/AVERAGE		\$87,015,300	100.00%	\$85,473,435	3.465%	\$1,234,545			1.710

*Per State Treasurer Report dated 9/30/2005, LAIF had invested approximately 9% of its balance in Treasury Bills and Notes, 24% in CDs, 18% in Commercial Paper and Corporate Bonds, 0% in Banker's Acceptances and 49% in others.



CITY OF MORGAN HILL

INVESTMENT MATURITIES
AS OF NOVEMBER 30, 2005



YEAR OF MATURITY	BOOK VALUE	MARKET VALUE	AVERAGE RATE	% OF TOTAL
2005 LAIF	\$18,398,667	\$18,344,998	3.324%	21.14%
2005 OTHER	\$2,369,997	\$2,369,997	3.000%	2.72%
2006	\$22,999,488	\$22,801,380	3.250%	26.43%
2007	\$4,000,000	\$3,875,620	3.165%	4.60%
2008	\$21,247,149	\$20,576,400	3.408%	24.42%
2009	\$14,000,000	\$13,545,660	3.861%	16.09%
2010	\$4,000,000	\$3,959,380	4.843%	4.60%
TOTAL	\$87,015,300	\$85,473,435	3.465%	100.00%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2005/06
For the Month of November 2005
42% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
010 GENERAL FUND							
<u>TAXES</u>							
Property Taxes - Secured/Unsecured/Prio	4,356,790	4,356,790	655,862	15%	588,967	66,895	11%
Supplemental Roll	176,280	176,280	101,714	58%	27,535	74,179	269%
Sales Tax	5,460,000	5,460,000	1,674,638	31%	1,749,869	(75,231)	-4%
Public Safety Sales Tax	264,600	264,600	84,915	32%	82,134	2,781	3%
Transient Occupancy Taxes	974,560	974,560	317,574	33%	285,118	32,456	11%
Franchise (Refuse ,Cable ,PG&E)	1,030,700	1,030,700	147,679	14%	144,624	3,055	2%
Property Transfer Tax	378,525	378,525	164,489	43%	165,759	(1,270)	-1%
TOTAL TAXES	12,641,455	12,641,455	3,146,871	25%	3,044,006	102,865	3%
<u>LICENSES/PERMITS</u>							
Business License	159,650	159,650	152,285	95%	214,234	(61,949)	-29%
Other Permits	2,030	2,030	1,714	84%	1,411	303	21%
TOTAL LICENSES/PERMITS	161,680	161,680	153,999	95%	215,645	(61,646)	-29%
<u>FINES AND PENALTIES</u>							
Parking Enforcement	10,000	10,000	9,006	90%	3,022	5,984	198%
City Code Enforcement	53,500	53,500	72,856	136%	15,948	56,908	357%
Business tax late fee/other fines	1,200	1,200	2,241	187%	1,145	1,096	96%
TOTAL FINES AND PENALTIES	64,700	64,700	84,103	130%	20,115	63,988	318%
<u>OTHER AGENCIES</u>							
Motor Vehicle in-Lieu	188,776	188,776	153,520	81%	133,357	20,163	15%
Other Revenue - Other Agencies	246,400	246,400	81,760	33%	25,963	55,797	215%
TOTAL OTHER AGENCIES	435,176	435,176	235,280	54%	159,320	75,960	48%
<u>CHARGES CURRENT SERVICES</u>							
False Alarm Charge	25,000	25,000	9,152	37%		9,152	n/a
Business License Application Review	23,000	23,000	10,973	48%	9,704	1,269	13%
Recreation Revenue	282,400	282,400	115,193	41%	108,620	6,573	6%
Aquatics Revenue	1,265,400	1,265,400	637,285	50%	670,459	(33,174)	-5%
General Administration Overhead	1,791,375	1,791,375	746,407	42%	747,438	(1,031)	0%
Other Charges Current Services	503,650	503,650	87,008	17%	88,321	(1,313)	-1%
TOTAL CURRENT SERVICES	3,890,825	3,890,825	1,606,018	41%	1,624,542	(18,524)	-1%
<u>OTHER REVENUE</u>							
Use of money/property	438,750	438,750	248,817	57%	311,353	(62,536)	-20%
Recreation Rentals	484,250	484,250	145,449	30%		145,449	n/a
Other Revenues	163,600	163,600	13,658	8%	38,382	(24,724)	-64%
TOTAL OTHER REVENUE	1,086,600	1,086,600	407,924	38%	349,735	58,189	17%
<u>TRANSFERS IN</u>							
Park Maintenance	125,000	125,000	31,250	25%	31,250	-	n/a
Sewer Enterprise	41,200	41,200	17,167	42%	8,333	8,834	106%
Water Enterprise	20,000	20,000	8,333	42%	8,333	-	n/a
Public Safety	175,000	175,000	72,917	42%	72,917	-	n/a
Community Rec Center	85,665	85,665		n/a		-	n/a
HCD Block Grant	5,000	5,000	2,083	42%	6,250	(4,167)	-67%
Other Funds	-	-	-	n/a	69,066	(69,066)	-100%
TOTAL TRANSFERS IN	451,865	451,865	131,750	29%	196,149	(64,399)	-33%
TOTAL GENERAL FUND	18,732,301	18,732,301	5,765,945	31%	5,609,512	156,433	3%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2005/06
For the Month of November 2005
42% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
SPECIAL REVENUE FUNDS							
<u>202 STREET MAINTENANCE</u>							
Gas Tax 2105 - 2107.5	699,600	699,600	228,438	33%	291,664	(63,226)	-22%
CIP Grants	3,325,000	3,325,000		n/a		-	n/a
Reimbursement of Expenses	26,000	26,000	38,969	150%		38,969	n/a
Transfers In	700,000	700,000	275,000	39%	275,000	-	n/a
Project Reimbursement		-		n/a	197,035	(197,035)	-100%
Interest / Other Revenue/Other Charges	41,000	41,000	55,873	136%	34,083	21,790	64%
202 STREET MAINTENANCE	4,791,600	4,791,600	598,280	12%	797,782	(199,502)	-25%
<u>204/205 PUBLIC SAFETY TRUST</u>							
Interest Income	8,885	8,885	6,637	75%	1,608	5,029	313%
Police Grant/SLEF	100,000	100,000	95,659	96%	100,000	(4,341)	-4%
204/205 PUBLIC SAFETY TRUST	108,885	108,885	102,296	94%	101,608	688	1%
<u>206 COMMUNITY DEVELOPMENT</u>							
Building Fees	1,483,000	1,483,000	755,553	51%	804,679	(49,126)	-6%
Planning Fees	616,800	616,800	331,565	54%	416,738	(85,173)	-20%
Engineering Fees	875,000	875,000	401,413	46%	659,452	(258,039)	-39%
Other Revenue/Current Charges	48,620	48,620	27,281	56%	9,612	17,669	184%
Transfers	-	-		n/a	-	-	n/a
206 COMMUNITY DEVELOPMENT	3,023,420	3,023,420	1,515,812	50%	1,890,481	(374,669)	-20%
207 GENERAL PLAN UPDATE	145,286	225,286	154,999	69%	65,033	89,966	138%
<u>215 and 216 HCD BLOCK GRANT</u>							
HCD allocation	396,714	396,714		n/a		-	n/a
CIP Grants	100,000	100,000		n/a			n/a
Interest Income/Other Revenue	1,460	1,460	302	21%	17,741	(17,439)	-98%
215 and 216 HCD BLOCK GRANT	498,174	498,174	302	0%	17,741	(17,439)	-98%
210 COMMUNITY CENTER	3,500	3,500	2,023	58%	21,369	(19,346)	-91%
225 ASSET SEIZURE	1,664	1,664	87	5%	10,203	(10,116)	-99%
229 LIGHTING AND LANDSCAPE	138,000	138,000	37	0%	269	(232)	-86%
232 ENVIRONMENTAL PROGRAMS	533,050	533,050	136,410	26%	117,185	19,225	16%
234 MOBILE HOME PARK RENT STAB.	9,873	9,873	6,802	69%	6,108	694	11%
235 SENIOR HOUSING	6,890	6,890	2,470	36%	1,318	1,152	87%
236 HOUSING MITIGATION	140,000	140,000	173,669	124%	88,449	85,220	96%
240 EMPLOYEE ASSISTANCE	42,768	42,768	12,559	29%	15,576	(3,017)	-19%
247 ENVIRONMENT REMEDIATION	8,500	8,500	5,545	65%	2,965	2,580	87%
TOTAL SPECIAL REVENUE FUNDS	9,451,610	9,531,610	2,711,291	28%	3,136,087	(424,796)	-14%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2005/06
For the Month of November 2005
42% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	814,768	814,768	553,770	68%	325,444	228,326	70%
302 PARK MAINTENANCE	415,557	415,557	167,680	40%	229,900	(62,220)	-27%
303 LOCAL DRAINAGE	1,276,297	1,276,297	249,136	20%	306,687	(57,551)	-19%
304 LOCAL DRAINAGE/NON AB1600	356,795	356,795	125,775	35%	93,580	32,195	34%
306 OPEN SPACE	170,972	170,972	172,580	101%	211,237	(38,657)	-18%
309 TRAFFIC MITIGATION	1,128,092	1,128,092	754,749	67%	352,971	401,778	114%
311 POLICE MITIGATION	105,743	105,743	31,492	30%	42,911	(11,419)	-27%
313 FIRE MITIGATION	195,345	195,345	66,929	34%	54,063	12,866	24%
317 RDA CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	15,169,461	15,169,461	1,776,136	12%	1,641,268	134,868	8%
Loan Proceeds	4,500,000	4,500,000	658,715	15%		658,715	n/a
Interest Income, Rents	297,947	297,947	451,209	151%	49,406	401,803	813%
Other Agencies/Current Charges/Transfer	-	-	652,672	n/a	114,042	538,630	472%
317 RDA CAPITAL PROJECTS	19,967,408	19,967,408	3,538,732	18%	1,804,716	1,734,016	96%
327/328 RDA L/M HOUSING							
Property Taxes & Supplemental Roll	4,402,175	4,402,175	515,189	12%	468,169	47,020	10%
Interest Income, Rent	10,450	10,450	88,042	843%	57,991	30,051	52%
Transfers/Other	-	-	4,700		600	4,100	683%
327/328 RDA L/M HOUSING	4,412,625	4,412,625	607,931	14%	526,760	81,171	15%
346 PUBLIC FACILITIES NON-AB1600	228,008	228,008	332,762	146%	7,409,570	(7,076,808)	-96%
347 PUBLIC FACILITIES	77,720	77,720	129,815	167%	40,709	89,106	219%
348 LIBRARY	123,155	123,155	51,997	42%	19,462	32,535	167%
350 UNDERGROUNDING	189,883	189,883	10,220	5%	127,975	(117,755)	-92%
340/342 MH BUS.RANCH CIP I & II	3,145	3,145	242	8%	544	(302)	-56%
360 COMMUNITY/REC IMPACT FUND	80,719	80,719	35,343	44%	27,195	8,148	30%
TOTAL CAPITAL PROJECTS FUNDS	29,546,232	29,546,232	6,829,153	23%	11,573,724	(4,744,571)	-41%
DEBT SERVICE FUNDS							
441 POLICE FACILITY BOND	483,763	483,763	335,241	69%		335,241	n/a
536 ENCINO HILLS	-	-		n/a		-	n/a
539 MORGAN HILL BUSINESS PARK	-	-		n/a		-	n/a
542 SUTTER BUSINESS PARK	-	-		n/a		-	n/a
545 COCHRANE BUSINESS PARK	206,304	206,304	1,215	1%	2,180	(965)	-44%
551 JOLEEN WAY	37,016	37,016	35	0%	23,660	(23,625)	-100%
TOTAL DEBT SERVICE FUNDS	727,083	727,083	336,491	46%	25,840	310,651	1202%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2005/06
For the Month of November 2005
42% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
ENTERPRISE FUNDS							
640 SEWER OPERATION							
Sewer Service Fees	5,600,535	5,600,535	2,290,257	41%	2,310,339	(20,082)	-1%
Interest Income	191,414	191,414	59,372	31%	13,806	45,566	330%
Other Revenue/Current Charges	142,600	142,600	42,735	30%	39,375	3,360	9%
640 SEWER OPERATION	5,934,549	5,934,549	2,392,364	40%	2,363,520	28,844	1%
641 SEWER EXPANSION							
Interest Income	345,048	345,048	68,219	20%	32,587	35,632	109%
Connection Fees	1,560,000	1,560,000	1,083,043	69%	619,771	463,272	75%
Other	-	-	330	n/a	330	-	n/a
641 SEWER EXPANSION	1,905,048	1,905,048	1,151,592	60%	652,688	498,904	76%
642 SEWER RATE STABILIZATION	119,167	119,167	45,140	38%	20,643	24,497	119%
643 SEWER-CAPITAL PROJECT	294,560	294,560	17,815	6%	14,199	3,616	25%
TOTAL SEWER FUNDS	8,253,324	8,253,324	3,606,911	44%	3,051,050	555,861	18%
650 WATER OPERATION							
Water Sales	6,229,900	6,229,900	3,889,763	62%	3,611,817	277,946	8%
Meter Install & Service	70,000	70,000	37,885	54%	62,986	(25,101)	-40%
Transfers-In, and Interest Income	472,202	472,202	142,964	30%	18,447	124,517	675%
Other Revenue/Current Charges	879,500	879,500	551,991	63%	383,242	168,749	44%
650 WATER OPERATION	7,651,602	7,651,602	4,622,603	60%	4,076,492	546,111	13%
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	207,076	207,076	38,262	18%	5,417,807	(5,379,545)	-99%
Water Connection Fees	362,000	362,000	150,470	42%	133,346	17,124	13%
651 WATER EXPANSION	569,076	569,076	188,732	33%	5,551,153	(5,362,421)	-97%
652 Water Rate Stabilization	702,000	702,000	29,561	4%	137	29,424	21477%
653 Water Capital Project	297,217	297,217	32,339	11%	2,339,422	(2,307,083)	-99%
TOTAL WATER FUNDS	9,219,895	9,219,895	4,873,235	53%	11,967,204	(7,093,969)	-59%
TOTAL ENTERPRISE FUNDS	17,473,219	17,473,219	8,480,146	49%	15,018,254	(6,538,108)	-44%
INTERNAL SERVICE FUNDS							
730 INFORMATION SERVICES	254,202	254,202	105,919	42%	96,238	9,681	10%
740 BUILDING MAINTENANCE SERVICES	1,666,477	1,666,477	694,365	42%	688,588	5,777	1%
745 CIP ADMINISTRATION	1,415,000	1,415,000	489,298	35%	471,361	17,937	4%
760 UNEMPLOYMENT INSURANCE	58,305	58,305	24,294	42%		24,294	n/a
770 WORKERS COMPENSATION	920,509	920,509	112,253	12%	412,416	(300,163)	-73%
790 EQUIPMENT REPLACEMENT	538,545	538,545	206,887	38%	142,383	64,504	45%
793 CORPORATION YARD COMMISSION	14,350	14,350	7,114	50%	19,216	(12,102)	-63%
795 GENERAL LIABILITY INSURANCE	506,470	506,470	231,375	46%	182,522	48,853	27%
TOTAL INTERNAL SERVICE FUNDS	5,373,858	5,373,858	1,871,505	35%	2,012,724	(141,219)	-7%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2005/06
For the Month of November 2005
42% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
AGENCY FUNDS							
841 M.H. BUS.RANCH A.D. I	-	-	2,587	n/a	1,358	1,229	91%
842 M.H. BUS.RANCH A.D. II	-	-	231	n/a	180	51	28%
843 M.H. BUS.RANCH 1998	898,976	898,976	10,178	1%	4,650	5,528	119%
844 M.H. RANCH REFUNDING 2004A	612,433	612,433	5,018	1%	302,461	(297,443)	-98%
845 MADRONE BP-TAX EXEMPT	462,228	462,228	9,695	2%	4,410	5,285	120%
846 MADRONE BP-TAXABLE	91,543	91,543	7,912	9%	790	7,122	902%
848 TENNANT AVE.BUS.PK A.D.	12,909	12,909	4,632	36%	2,243	2,389	107%
881 POLICE DONATION TRUST FUND	642	642	214	33%	111	103	93%
TOTAL AGENCY FUNDS	2,078,731	2,078,731	40,467	2%	316,203	(275,736)	-87%
TOTAL FOR ALL FUNDS	83,383,034	83,463,034	26,034,998	31%	37,692,344	(11,507,123)	-31%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2005/06
For the Month of November 2005
42% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET
010 GENERAL FUND								
I. GENERAL GOVERNMENT								
	COUNCIL AND MISCELLANEOUS GOVT.							
	City Council	12,182	207,067	207,749	69,499	2,886	72,385	35%
	Community Promotions	1,147	41,022	52,627	29,534	-	29,534	56%
	COUNCIL AND MISCELLANEOUS GOVT.	13,329	248,089	260,376	99,033	2,886	101,919	39%
	CITY ATTORNEY	67,296	566,690	566,690	274,442	207,417	481,859	85%
	CITY MANAGER							
	City Manager	25,382	330,948	330,948	144,844		144,844	44%
	Cable Television	4,439	37,611	37,611	12,778	14,841	27,619	73%
	Communications & Marketing	25,573	146,792	171,792	58,746	39,500	98,246	57%
	CITY MANAGER	55,394	515,351	540,351	216,368	54,341	270,709	50%
	RECREATION							
	Recreation	12,441	311,071	311,071	58,107		58,107	19%
	Community & Cultural Center	99,161	1,280,015	1,280,015	531,410	111,280	642,690	50%
	Aquatics Center	67,108	1,403,838	1,403,838	729,946	7,999	737,945	53%
	Indoor Recreation Center	128	85,665	97,665	641	-	641	1%
	RECREATION	178,838	3,080,589	3,092,589	1,320,104	119,279	1,439,383	47%
	HUMAN RESOURCES							
	Human Resources	53,271	488,604	488,604	206,991	-	206,991	42%
	HUMAN RESOURCES	53,271	488,604	488,604	206,991	-	206,991	42%
	COUNCIL SERV & RECORDS MGMT							
	Council Serv & Records Mgmt	25,180	258,591	258,991	105,270		105,270	41%
	Elections	3,822	47,788	47,788	18,965	-	18,965	40%
	CITY CLERK	29,002	306,379	306,779	124,235	-	124,235	40%
	FINANCE	75,838	982,085	982,085	393,079	3,312	396,391	40%
	TOTAL GENERAL GOVERNMENT	472,968	6,187,787	6,237,474	2,634,252	387,235	3,021,487	48%
II. PUBLIC SAFETY								
	POLICE							
	PD Administration	42,803	812,406	812,406	407,648	6,371	414,019	51%
	Field Operations	357,243	4,186,166	4,186,902	2,001,698		2,001,698	48%
	Support Services	77,489	1,040,162	1,040,162	379,397		379,397	36%
	Emergency Services/Haz Mat	6,135	49,494	53,507	9,245	4,013	13,258	25%
	Special Operations	96,156	1,486,523	1,486,523	482,162		482,162	32%
	Animal Control	6,261	100,734	102,859	34,335		34,335	33%
	Dispatch Services	60,184	1,082,581	1,082,981	348,880	4,635	353,515	33%
	POLICE	646,271	8,758,066	8,765,340	3,663,365	15,019	3,678,384	42%
	FIRE		4,377,495	4,377,495	1,413,017	-	1,413,017	32%
	TOTAL PUBLIC SAFETY	646,271	13,135,561	13,142,835	5,076,382	15,019	5,091,401	39%
III. COMMUNITY IMPROVEMENT								
	PARK MAINTENANCE	82,571	698,893	711,485	315,514	18,788	334,302	47%
	TOTAL COMMUNITY IMPROVEMENT	82,571	698,893	711,485	315,514	18,788	334,302	47%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2005/06
For the Month of November 2005
42% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET
IV. TRANSFERS								
	General Plan Update	833	10,000	10,000	4,167	-	4,167	42%
TOTAL TRANSFERS		833	10,000	10,000	4,167	-	4,167	42%
TOTAL GENERAL FUND		1,202,643	20,032,241	20,101,794	8,030,315	421,042	8,451,357	42%
SPECIAL REVENUE FUNDS								
202 STREET MAINTENANCE								
	Street Maintenance/Traffic	165,700	1,855,834	1,909,134	603,059	113,937	716,996	38%
	Congestion Management	3,477	84,994	84,994	19,507	-	19,507	23%
	Street CIP	62,155	3,427,989	3,505,127	200,556	353,847	554,403	16%
202 STREET MAINTENANCE		231,332	5,368,817	5,499,255	823,122	467,784	1,290,906	23%
204/205	PUBLIC SAFETY/SUPP.LAW	14,627	175,519	175,519	73,133		73,133	42%
206 COMMUNITY DEVELOPMENT FUND								
	Planning	85,975	1,219,194	1,323,006	458,943	97,771	556,714	42%
	Building	72,641	1,129,216	1,205,324	381,415	69,452	450,867	37%
	PW-Engineering	96,080	1,145,151	1,188,372	424,332	161,711	586,043	49%
206 COMMUNITY DEVELOPMENT FUND		254,696	3,493,561	3,716,702	1,264,690	328,934	1,593,624	43%
207	GENERAL PLAN UPDATE	2,347	154,553	353,205	20,570	80,594	101,164	29%
210	COMMUNITY CENTER		85,665	85,665			-	n/a
215/216	CDBG	8,514	506,714	633,529	65,178	235,950	301,128	48%
225	ASSET SEIZURE		-	-	300		300	n/a
229	LIGHTING AND LANDSCAPE	12,718	118,248	136,103	65,159	55,340	120,499	89%
232	ENVIRONMENT PROGRAMS	27,038	402,505	447,055	141,054	65,210	206,264	46%
234	MOBILE HOME PARK	123	4,832	4,832	407		407	8%
235	SENIOR HOUSING TRUST FUND	3,275	80,700	80,700	3,275		3,275	4%
236	HOUSING MITIGATION FUND		1,315,000	1,315,000		15,000	15,000	1%
240	EMPLOYEE ASSISTANCE		57,500	57,500	9,200	-	9,200	16%
247	ENVIRONMENT REMEDIATION FUND		152,500	152,500	5,680	-	5,680	4%
TOTAL SPECIAL REVENUE FUNDS		554,670	11,916,114	12,657,565	2,471,768	1,248,812	3,720,580	29%
CAPITAL PROJECT FUNDS								
301	PARK DEVELOPMENT	6,904	2,388,940	2,663,211	49,673	144,655	194,328	7%
302	PARK MAINTENANCE	833	185,000	185,312	35,417	312	35,729	19%
303	LOCAL DRAINAGE	128	1,901,534	1,911,534	10,639		10,639	1%
304	LOCAL DRAIN. NON-AB1600	13,614	1,141,667	1,277,666	67,027	6,501	73,528	6%
306	OPEN SPACE				1,573		1,573	
309	TRAFFIC MITIGATION	63,450	1,137,000	2,013,232	218,839	778,950	997,789	50%
311	POLICE MITIGATION	494	250,887	260,887	174,620	10,000	184,620	71%
313	FIRE MITIGATION	115	526,378	526,378	574		574	0%
317	RDA BUSINESS ASSISTANCE	1,639,224	28,279,211	34,437,282	6,630,831	15,415,482	22,046,313	64%
327/328	RDA HOUSING	290,625	10,191,842	10,209,748	1,927,337	410,392	2,337,729	23%
340/342	MH BUS RANCH CIP						-	n/a
346	PUBLIC FAC.NON AB1600	4,875	90,000	619,149	51,569	432,083	483,652	78%
347	PUBLIC FACILITIES	21,910	1,363	71,363	22,365	47,176	69,541	97%
348	LIBRARY IMPACT	17	202	202	84		84	42%
350	UNDERGROUNDING	32	1,200,389	1,119,346	9,974	73,134	83,108	7%
360	COMM/REC CTR IMPACT		180,000	180,000			-	n/a
TOTAL CAPITAL PROJECTS FUNDS		2,042,221	47,474,413	55,475,310	9,200,522	17,318,685	26,519,207	48%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2005/06
For the Month of November 2005
42% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET
DEBT SERVICE FUNDS								
441	POLICE FACILITY BOND DEBT		483,763	483,763	328,157	-	328,157	68%
545	COCHRANE BUS. PARK A.D.	561	194,625	194,625	153,269	-	153,269	79%
551	JOLEEN WAY A.D.	561	36,487	36,487	28,110	-	28,110	77%
TOTAL DEBT SERVICE FUNDS		1,122	714,875	714,875	509,536	-	509,536	71%
ENTERPRISE FUNDS								
SEWER								
640	SEWER OPERATION	401,787	6,786,507	6,843,978	3,342,584	57,733	3,400,317	50%
641	CAPITAL EXPANSION	1,112,562	2,796,988	3,413,501	1,666,417	200,411	1,866,828	55%
642	SEWER RATE STABILIZATION	176	2,114	2,114	881		881	42%
643	SEWER-CAPITAL PROJECTS	181,612	352,535	1,064,115	399,950	198,294	598,244	56%
TOTAL SEWER FUND(S)		1,696,137	9,938,144	11,323,708	5,409,832	456,438	5,866,270	52%
WATER								
	Water Operations Division	641,760	7,151,323	7,518,128	2,594,085	332,436	2,926,521	39%
	Meter Reading/Repair	56,432	761,846	781,457	244,904	257,757	502,661	64%
	Utility Billing	31,331	460,975	460,975	171,612	18,485	190,097	41%
	Water Conservation	4,098	124,708	124,708	21,374	55,000	76,374	61%
650	WATER OPERATIONS	733,621	8,498,852	8,885,268	3,031,975	663,678	3,695,653	42%
651	CAPITAL EXPANSION	139,629	1,786,014	2,154,644	409,985	312,089	722,074	34%
652	WATER RATE STABILIZATION	41	492	492	205		205	42%
653	WATER-CAPITAL PROJECTS	174,948	886,260	2,360,304	756,228	886,560	1,642,788	70%
TOTAL WATER FUND(S)		1,048,239	11,171,618	13,400,708	4,198,393	1,862,327	6,060,720	45%
TOTAL ENTERPRISE FUNDS		2,744,376	21,109,762	24,724,416	9,608,225	2,318,765	11,926,990	48%
INTERNAL SERVICE FUNDS								
730	INFORMATION SERVICES	47,824	254,203	345,465	102,025	182,798	284,823	82%
740	BUILDING MAINTENANCE	94,209	1,366,261	1,383,291	485,945	51,612	537,557	39%
745	CIP ENGINEERING	99,768	1,379,348	1,398,173	503,668	51,809	555,477	40%
760	UNEMPLOYMENT	4,577	55,000	55,000	4,577		4,577	8%
770	WORKERS COMPENSATION	20,241	770,075	770,075	229,398	-	229,398	30%
790	EQUIPMENT REPLACEMENT	30,373	469,827	483,345	31,361	91,070	122,431	25%
793	CORP YARD COMMISSION	14,800	159,100	159,100	37,826	64,223	102,049	64%
795	GEN. LIABILITY INSURANCE	9,807	480,800	487,751	302,372		302,372	62%
TOTAL INTERNAL SERVICE FUNDS		321,599	4,934,614	5,082,200	1,697,172	441,512	2,138,684	42%
AGENCY FUNDS								
841	MORGAN HILL BUS RANCH I		-	-		-	-	n/a
842	MORGAN HILL BUS RANCH II		-	-		-	-	n/a
843	MORGAN HILL BUS RANCH 98	561	867,265	867,265	598,108		598,108	69%
844	MH RANCH RSMNT 2004A	699	595,583	595,583	530,290	-	530,290	89%
845	MADRONE BP-TAX EXEMPT	2,728	443,763	443,763	265,635	-	265,635	60%
846	MADRONE BP-TAXABLE	565	86,939	86,939	44,083	-	44,083	51%
848	TENNANT AVE BUS PARK AD	561	6,727	6,727	2,803	-	2,803	42%
881	POLICE DONATION TRUST		-	-		-	-	n/a
TOTAL AGENCY FUNDS		5,114	2,000,277	2,000,277	1,440,919	-	1,440,919	72%
REPORT TOTAL		6,871,745	108,182,296	120,756,437	32,958,457	21,748,816	54,707,273	45%



YTD INCOME STATEMENT FOR CURRENT AND PRIOR YEAR

	Sewer Operations				Water Operations			
	Budget	YTD	% of Budget	Prior YTD	Budget	YTD	% of Budget	Prior YTD
Operations								
Revenues								
Service Charges	\$ 5,600,535	\$ 2,290,257	41%	\$ 2,310,339	\$ 6,229,900	\$ 3,889,763	62%	\$ 3,611,817
Meter Install & Service					70,000	37,885	54%	62,986
Other	142,600	42,735	30%	39,375	(1,165,146)	558,484	-48%	383,242
Total Operating Revenues	5,743,135	2,332,992	41%	2,349,714	5,134,754	4,486,132	87%	4,058,045
Expenses								
Operations	4,682,409	1,864,075	40%	1,814,983	4,750,307	2,285,636	48%	2,164,691
Meter Reading/Repair					637,156	244,904	38%	178,117
Utility Billing/Water Conservation					399,783	192,986	48%	180,077
Total Operating Expenses	4,682,409	1,864,075	40%	1,814,983	5,787,246	2,723,526	47%	2,522,885
Operating Income (Loss)	1,060,726	468,917		534,731	(652,492)	1,762,606		1,535,160
Nonoperating revenue (expense)								
Interest Income	191,414	59,372	31%	13,806	16,848	40,434	240%	18,447
Interest Expense/Debt Services	(573,410)	(282,806)	49%	(289,490)	(243,249)	(100,116)	41%	(134,848)
Principal Expense/Debt Services	(975,000)	(995,000)	102%	(975,000)	(310,296)			(42,962)
Total Nonoperating revenue (expense)	(1,356,996)	(1,218,434)		(1,250,684)	(536,697)	(59,682)		(159,363)
Income before operating xfers	(296,270)	(749,517)		(715,953)	(1,189,189)	1,702,924		1,375,797
Operating transfers in	-	-		-	2,500,000	96,037	4%	
Operating transfers (out)	(220,000)	(200,703)	91%	(91,667)	(420,000)	(208,333)	50%	(175,000)
Net Income (Loss)	\$ (516,270)	\$ (950,220)		\$ (807,620)	\$ 890,811	\$ 1,590,628		\$ 1,200,797



City of Morgan Hill
Balance Sheets - Water and Sewer Funds
For the Month of November 2005
42% of Year Completed

	Sewer Operations (640)	Sewer Expansion Stabilization Capital Projects (641-643)	Water Operations (650)	Water Expansion Stabilization Capital Projects (651-653)
ASSETS				
Cash and investments:				
Unrestricted	1,463,327	6,175,686	4,750,168	2,774,264
Restricted ¹	1,894,979	6,061,042	381,972	4,015,113
Accounts Receivable		8,745		588
Utility Receivables	731,094		1,162,202	
Less Allowance for Doubtful Accounts	(13,655)		(18,127)	
Notes Receivable ²		8,498	0	
Fixed Assets ³	29,628,818	12,497,964	23,851,712	12,694,522
Total Assets	<u>33,704,563</u>	<u>24,751,935</u>	<u>30,127,927</u>	<u>19,484,488</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	268,964	108,073	74,939	29,260
Deposits for Water Services & Other Deposits			74,240	
Deferred Revenue ⁴				
Bonds Payable	23,300,000		5,568,631	7,740,000
Discount on Bonds and Other Liabilities	(2,425,887)		(913,413)	(344,863)
Accrued Vacation and Comp Time	49,020		97,480	
Total liabilities	<u>21,192,097</u>	<u>108,073</u>	<u>4,901,877</u>	<u>7,424,397</u>
FUND EQUITY				
Contributed Capital	7,443,305		14,356,292	
Retained Earnings				
Reserved for:				
Noncurrent water/sewer assets & debt	8,705,685	12,497,964	19,099,014	5,299,385
Encumbrances	57,733	398,705	663,678	1,198,649
Notes Receivable		8,498		
Restricted Cash	1,894,979		381,972	4,015,113
Total Reserved Retained Earnings	10,658,397	12,905,167	20,144,664	10,513,147
Unreserved Retained Earnings	1,854,069	11,738,695	5,081,386	1,546,943
Total Fund Equity	<u>12,512,466</u>	<u>24,643,862</u>	<u>25,226,050</u>	<u>12,060,091</u>
Total Liabilities and Fund Equity	<u>33,704,563</u>	<u>24,751,935</u>	<u>30,127,927</u>	<u>19,484,488</u>

¹ Restricted for Bond Reserve requirements and capital expansion.

² Includes Note for Sewer Financing Agreements.

³ Includes Water and Sewer infrastructure and the City's share of the Wastewater treatment plant.

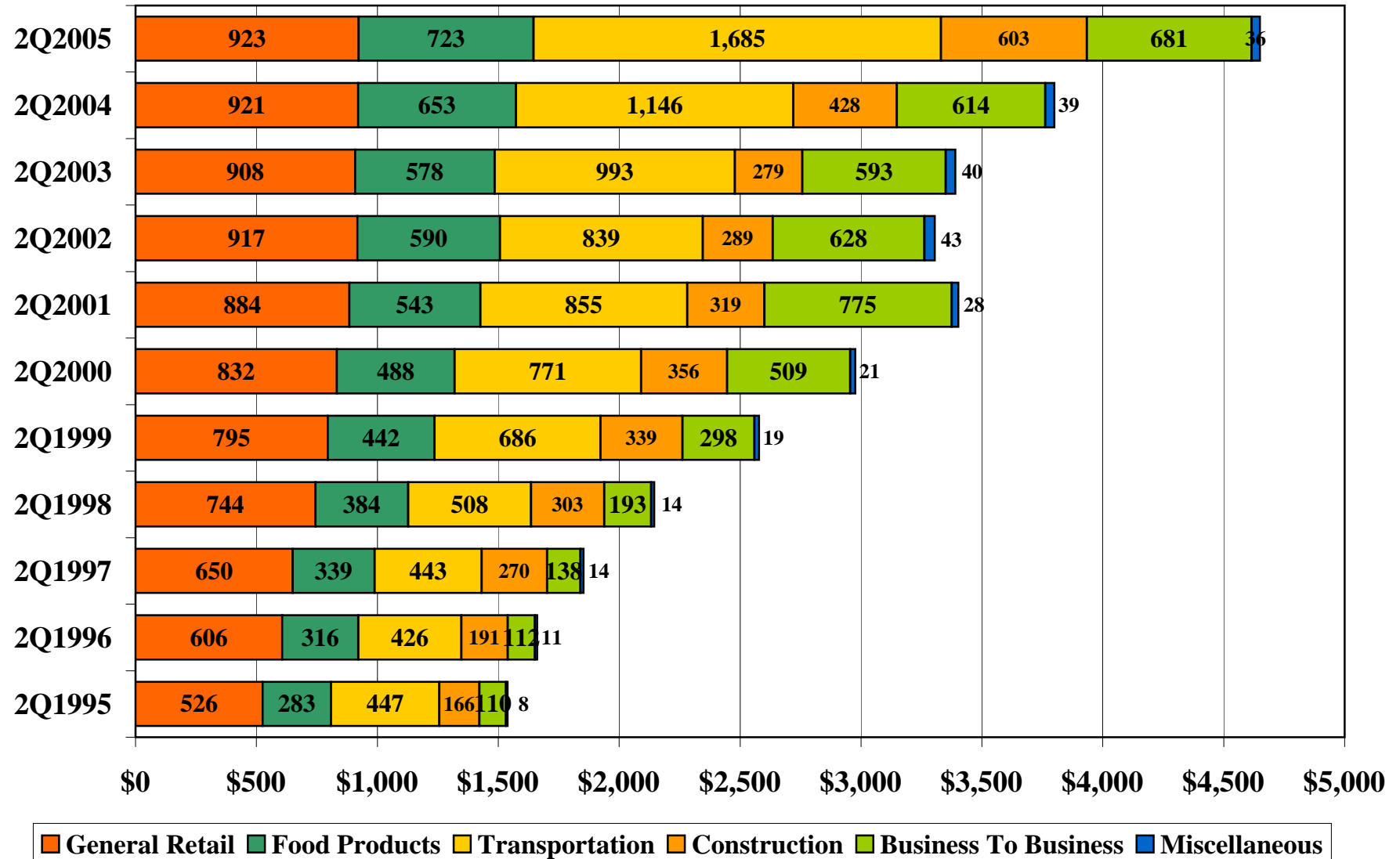
⁴ Includes the deferred payment portion of the loans noted above.



¹ Restricted for Petty Cash use, Bond Reserve requirements and sewer and water capital expansion.
² Includes Housing Rehab loans, Financing Agreements for Public Works Fees and loans for several housing and Agency projects.
³ Includes Water and Sewer infrastructure, the City's share of the Wastewater treatment plant and RDA properties held for resale.
⁴ Includes the deferred payment portion of the loans noted above.
⁵ Designated as a general reserve.

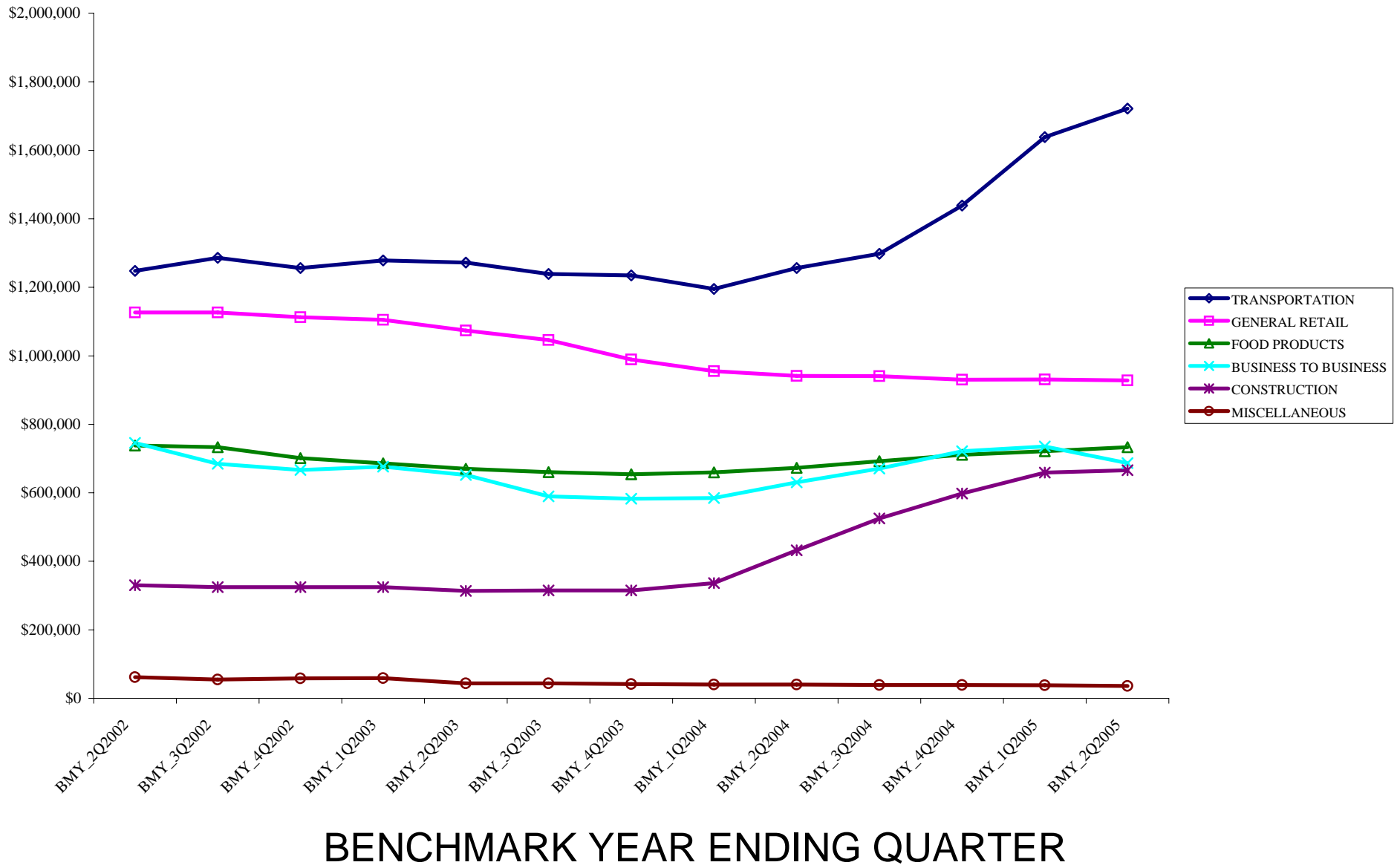
CITY OF MORGAN HILL ANNUAL SALES TAX BY BUSINESS CATEGORY

(in thousands of \$)



CITY OF MORGAN HILL

SALES TAX BY ECONOMIC CATEGORY



Sales Tax Revenue Analysis

Quarterly Sales Tax Revenues

Year	Q1	Q2	Q3	Q4	Total
2005	1,352,902	1,503,903			
2004	1,008,820	1,303,824	1,288,347	1,471,834	5,072,825
2003	1,152,258	1,045,369	1,064,072	1,075,630	4,337,329
2002	1,066,129	1,224,131	1,172,571	1,158,608	4,621,439
2001	1,348,773	1,357,056	1,274,566	1,267,347	5,247,742
2000	1,139,868	1,285,566	1,250,633	1,408,160	5,084,227
1999	921,597	1,080,386	1,117,296	1,177,610	4,296,889
1998	861,449	977,685	971,007	1,017,725	3,827,866
1997	787,430	861,780	913,292	1,009,943	3,572,445
1996	726,088	799,526	851,152	846,916	3,223,682
1995	644,959	720,072	736,824	769,415	2,871,270
1994	693,039	704,331	753,364	733,555	2,884,289
Average ¹	\$ 940,946	1,032,702	1,035,739	1,085,158	4,094,546
Avg \$ Growth ¹	\$ 31,578	59,949	53,498	73,828	218,854
Avg % Growth ¹	4.6%	8.5%	7.1%	10.1%	7.6%

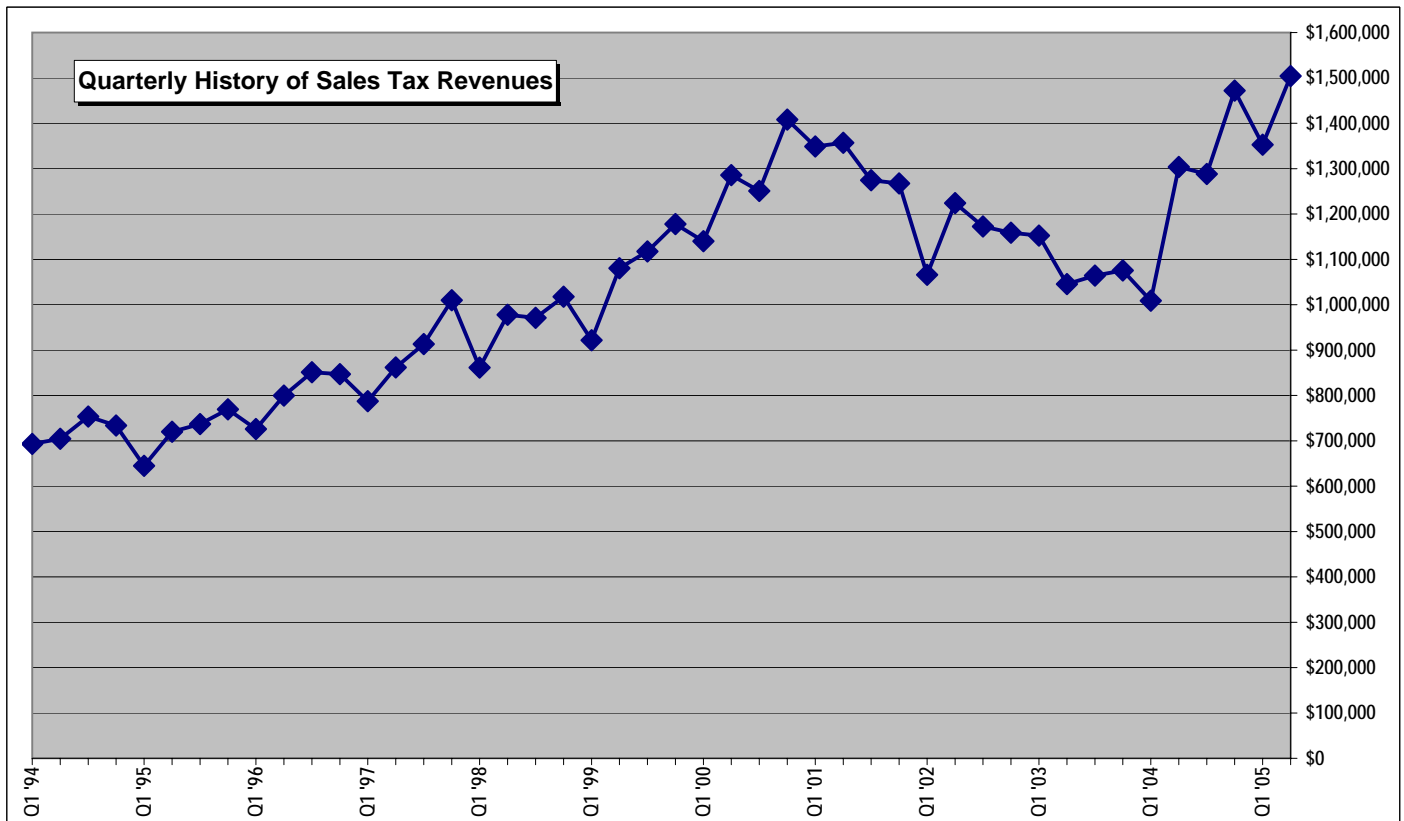
¹ Average from 1994 to 2004

Percent Increase/Decrease from Prior Year

Year	Q1	Q2	Q3	Q4	Total
2004 to 05	34.1%	15.3%			
2003 to 04	-12.4%	24.7%	21.1%	36.8%	17.0%
2002 to 03	8.1%	-14.6%	-9.3%	-7.2%	-6.1%
2001 to 02	-21.0%	-9.8%	-8.0%	-8.6%	-11.9%
2000 to 01	18.3%	5.6%	1.9%	-10.0%	3.2%
1999 to 00	23.7%	19.0%	11.9%	19.6%	18.3%
1998 to 99	7.0%	10.5%	15.1%	15.7%	12.3%
1997 to 98	9.4%	13.4%	6.3%	0.8%	7.1%
1996 to 97	8.4%	7.8%	7.3%	19.2%	10.8%
1995 to 96	12.6%	11.0%	15.5%	10.1%	12.3%
1994 to 95	-6.9%	2.2%	-2.2%	4.9%	-0.5%

Cumulative Quarterly Sales Tax as % of Annual Total

Year	Q1	Q1-Q2	Q1-Q3	Q1-Q4
2005				
2004	19.9%	45.6%	71.0%	100.0%
2003	26.6%	50.7%	75.2%	100.0%
2002	23.1%	49.6%	74.9%	100.0%
2001	25.7%	51.6%	75.8%	100.0%
2000	22.4%	47.7%	72.3%	100.0%
1999	21.4%	46.6%	72.6%	100.0%
1998	22.5%	48.0%	73.4%	100.0%
1997	22.0%	46.2%	71.7%	100.0%
1996	22.5%	47.3%	73.7%	100.0%
1995	22.5%	47.5%	73.2%	100.0%
1994	24.0%	48.4%	74.6%	100.0%
Average	23.0%	48.1%	73.5%	100.0%





CITY COUNCIL STAFF REPORT

MEETING DATE: *December 14, 2005*

INDOOR RECREATION CENTER PROJECT – NOVEMBER CONSTRUCTION PROGRESS REPORT

RECOMMENDED ACTION(S): *Information Only*

EXECUTIVE SUMMARY:

Previous Council action awarded the contract for construction of the Indoor Recreation Center Project to West Coast Contractors, Inc. At that time, staff informed Council that we would report monthly on the progress of the construction. Attached is the progress report for the month of November. This report has been sent to our webmaster for posting on the City's website. Current construction activity can be viewed live on the internet at www.novapartners.com/mhirc.

The contractor has made good progress on the masonry block wall installation. The gymnasium block wall is 100% complete. The senior wing, locker room and admin area walls are all approximately 97% complete. Masonry block work on the final area, the natatorium, is underway. The structural steel has been delivered to the site and erection has begun. Barring any unforeseen circumstances, the anticipated Grand Opening is September 5, 2006. The project is currently on schedule and within budget.

FISCAL/RESOURCE IMPACT: None

Agenda Item # 2

Prepared By:

Sr. Project Manager

Approved By:

Public Works Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: December 14, 2005

Agenda Item # 3

Prepared By:

Deputy Director PW

Approved By:

Department Director

Submitted By:

City Manager

BUDGET AMENDMENT TO AUTHORIZE THE EXPENDITURE OF \$32,000 IN GRANT FUNDS FROM THE SANTA CLARA VALLEY WATER DISTRICT

RECOMMENDED ACTION: Amend the FY 2005/06 budget to authorize the expenditure of \$32,000 in grant funds received from the Santa Clara Valley Water District for Storm Water Quality Outreach efforts.

EXECUTIVE SUMMARY: The Santa Clara Valley Water District's (SCVWD) Clean, Safe Creeks and Natural Flood Protection Program includes an urban runoff pollutant reduction effort for cities in the south Santa Clara County. Financial assistance in the way of a grant is available to cities for programs that reduce urban runoff pollutants that could enter creeks, streams, and water bodies. The City applied for and has received \$32,000 for various public outreach efforts described below.

The City of Morgan Hill is required to comply with the National Pollutant Discharge Elimination System (NPDES) permit established by the Environmental Protection Agency and regulated by the State of California Water Quality Control Board. The City has developed a Storm Water Management Plan to ensure compliance and a key component of that Plan is public outreach. In the City's application to the SCVWD, grant funds were requested for the following items: 1.) Purchase of a public events exhibit stand; 2.) creation of storm water pollution prevention artwork to be exhibited at public events; 3.) purchase of flyers, brochures, and other public outreach materials; and 4.) purchase of educational kits to be distributed to school children. Under the terms of the grant, the City has until June 2006 to purchase the items described and must report back to the SCVWD on progress and status of the grant expenditures. In addition, all materials purchased shall bear acknowledgement of the SCVWD's contribution. There are no matching funds required to receive the grant money.

At its July 20, 2005 meeting, the City Council authorized the City Manager to enter into an agreement with the SCVWD to secure the \$32,000. The grant agreement has now been executed and staff is prepared to purchase the items described above. Staff recommends that the City Council amend the FY 2005/06 budget by increasing the appropriation in the Solid Waste Management fund (232-5800) by \$32,000 to reflect the receipt of the SCVWD grant funds.

FISCAL IMPACT: Fund 232-5800, Public Works Solid Waste Management, to be increased by \$32,000.



CITY COUNCIL STAFF REPORT

MEETING DATE: *December 14, 2005*

Agenda Item # 4

Prepared By:

**Council Services &
Records Manager/
City Clerk**

Interim City Attorney

Submitted By:

City Manager

RESOLUTION AMENDING CITY'S CONFLICT OF INTEREST CODE REPORTING CATEGORIES

RECOMMENDED ACTION(S):

Adopt Resolution amending the list of positions subject to the City's Conflict of Interest Code

EXECUTIVE SUMMARY:

The Political Reform Act, Government Code Section 87306, requires agencies to amend their Conflict of Interest Code, "...subject to the provisions of Section 87303, when change is necessitated by changed circumstances, including the creation of new positions which must be designated pursuant to subdivision (a) of Section 87302 and relevant changes in the duties assigned to existing positions." Section 87306 further states that "amendments or revisions shall be submitted to the code reviewing body within 90 days after the changed circumstances necessitating the amendments become apparent."

On October 5, 2005, the City Council authorized the position of the "Director of Recreation and Community Services." On October 19, 2005, the City Council approved a change in classification to "Police Lieutenant" to "Police Commander." In order to comply with Government Code Section 87306, the City needs to amend its Conflict of Interest Code to reflect the two current City positions. Staff recommends Council adopt the attached resolution to comport with the current employee classifications as follows:

1. Addition of "Director of Recreation and Community Services;" and
2. Change title of "Police Lieutenant" to "Police Commander."

FISCAL IMPACT: No budget adjustment is required.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING RESOLUTION NO. 5855 PERTAINING TO THE CITY'S CONFLICT OF INTEREST CODE BY AMENDING APPENDIX A (DESIGNATED POSITIONS) TO REFLECT CURRENT CITY POSITION(S) AND DISCLOSURE CATEGORIES

WHEREAS, pursuant to Government Code 87300, Resolution No. 1827 was adopted on September 21, 1983, and subsequently amended by Resolution Nos. 4026 on January 21, 1987; 4152 on February 3, 1988; 4354 on March 7, 1990; 4445 on March 20, 1991; 4529 on December 11, 1991; and 4548 on April 1, 1992; 4660 on March 3, 1993; 4822 on September 7, 1994; 5377 on April 26, 2000; 5463 on March 28, 2001; 5472 on May 2, 2001; 5634 on February 5, 2003; 5671 on June 4, 2003; and 5855 on November 3, 2004; and

WHEREAS, the Political Reform Act requires every local government agency to review its Conflict of Interest Code biennially or as deemed appropriate; and,

WHEREAS, a review has been conducted and a determination has been reached that certain amendments are required to update the Code and maintain its accuracy, specifically, adding the position of "Director of Recreation & Community Services" and the replacement of the "Police Lieutenant" classification with the "Police Commander" classification; and,

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF MORGAN HILL further amends Resolution No. 1827 by deleting the existing Appendix A and replacing it with a revised Appendix A, a copy of which is attached and incorporated by this reference as though fully set forth herein.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the th day of December, 2005 by the following vote:

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSTAIN:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:

🔒 CERTIFICATION 🔒

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. , adopted by the City Council at a Regular Meeting held on , 2005.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk

APPENDIX A

PERSONS SUBJECT TO THE CONFLICT OF INTEREST CODE

Listed below are the designated positions in the local agency that are required to file Disclosure Statements.

Category 1 is defined as:

A designated employee must report all interests in real property having a direct or indirect relationship to, and which may foreseeably be affected by, the official duties and responsibilities of each such designated position.

Category 2 is defined as:

A designated employee in this category must report all investments having a direct or indirect relationship to, and which may foreseeably be affected by, the official duties and responsibilities of each such designated position.

Category 3 is defined as:

A designated employee in this category must report income and business entities in which he or she is a director, officer, partner, trustee, employee or holds any position of management having a direct or indirect relationship to, and which may foreseeably be affected by, the official duties and responsibilities of each such designated position.

<u>Persons Subject To The Conflict of Interest Code</u>	<u>Disclosure Category</u>
Council Services & Records Manager/City Clerk	1,2,3
Chief of Police	1,2,3
Police Lieutenant	1,2,3
<u>Police Commander</u>	<u>1,2,3</u>
City Attorney	1,2,3
City Manager	1,2,3
Assistant to the City Manager	1,2,3
Director of Business Assistance and Housing Services	1,2,3
Business Assistance and Housing Services Manager	1,2,3
Business Assistance & Housing Analyst	1,2,3
Housing Rehabilitation Coordinator	1,2,3
Senior Project Manager/Community Buildings	1,2,3
Director of Community Development	1,2,3
Chief Building Official	1,2,3
Building Inspectors	1,2,3
Code Enforcement Officer	1,2,3
Facilities Maintenance Coordinator	1,2,3
Planning Manager	1,2,3
Senior Planner	1,2,3
Associate Planner	1,2,3

<u>Persons Subject To The Conflict of Interest Code</u>	<u>Disclosure Category</u>
Finance Director	1,2,3
Assistant Director of Finance	1,2,3
Budget Manager	1,2,3
Director of Public Works/City Engineer	1,2,3
Deputy Public Works Director/Operations	1,2,3
Deputy Public Works Director/Engineering	1,2,3
Senior Engineer	1,2,3
Associate Engineer	1,2,3
Program Administrator	1,2,3
Human Resources Director	1,2,3
<u>Director of Recreation and Community Services</u>	<u>1,2,3</u>
Recreation and Community Services Manager	1,2,3
Recreation Supervisor	1,2,3
Events Coordinator	1,2,3
Architectural and Site Review Board	1,2,3
Corporation Yard Commission	1,2,3
Library Commissioners	1,2,3
Parks and Recreation Commissioners	1,2,3
Planning Commissioners	1,2,3
Rent Stabilization Commissioners	1,2,3
Consultants*	1,2,3

***Consultants** shall be included in the list of designated employees and shall disclose pursuant to Category 1, 2, and 3 subject to the following limitation:

The City Manager may determine in writing that a particular consultant, although a "designated position" is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The City Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

EXHIBIT 1

CONFLICT OF INTEREST CODE FOR THE CITY OF MORGAN HILL

The Political Reform Act, Government Code Sections 81000, et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, Title 2, California Code of Regulations, Section 18730, which contains the terms of a standard Conflict of Interest Code which can be incorporated by reference, and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of Title 2, California Code of Regulations Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, are hereby incorporated by reference. These terms, along with the attached Appendix which designates officials and employees subject to the code and disclosure categories, constitute the Conflict of Interest Code of the City of Morgan Hill.

Pursuant to Section 4(A) of the standard Code, designated employees shall file statements of economic interests with the agency. Upon receipt of the statements of the designated employees, the members of the City Council, the City Manager, the City Attorney; the City Treasurer and the Planning Commission; City Clerk of the City of Morgan Hill shall make and retain a copy and forward the original of these statements to the Fair Political Practices Commission.



CITY COUNCIL STAFF REPORT

MEETING DATE: DECEMBER 14, 2005

**TITLE: ACCEPTANCE OF SCOREBOARD DONATION
FOR THE AQUATICS CENTER FROM THE
RICK FAMILY**

**RECOMMENDED ACTION(S): Accept donation of a Ten Lane Colorado
Scoreboard by the Rick Family to the Aquatics Center**

EXECUTIVE SUMMARY:

The Rick Family would like to donate a Ten Lane Colorado Scoreboard to the Aquatics Center for the 50 meter pool. The scoreboard is interlaced for both water polo and swimming. The scoreboard is valued at \$6,960. The Aquatics Center will assume responsibility for installation which will include the purchase of three anchor posts. A picture of a similar scoreboard is presented as Attachment A.

Pursuant to the City's Administrative Policy V009 "Donation Policy", donations with estimated value of \$5,000 or more must be formally accepted by the City Council.

FISCAL IMPACT:

Purchase and installation of the three anchors posts is estimated to be \$2,000 to \$3,000.

Agenda Item # 5

Prepared By:

Management Analyst

Approved By:

**Interim Recreation &
Community Services
Manager**

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: December 14, 2005

AB1600 DEVELOPMENT IMPACT FEE REPORT FOR FISCAL YEAR 2004/05

RECOMMENDED ACTION:

Accept and file the AB1600 Development Impact Fee Report for the 2004/05 fiscal year.

EXECUTIVE SUMMARY:

In 1987, the State passed Assembly Bill No. 1600, adding Section 66000 et seq. to the Government Code. This law requires that any city that imposes development impact fees must report certain information each year. In accordance with this requirement, staff annually reports to the City Council, for each development impact fee collected, (a) the fee description, (b) the amount of the fee, (c) the beginning and ending balances of each fund for which the impact fees were collected, (d) the amount of fees collected and the corresponding interest earned, (e) the identification of each public improvement on which fees were expended and the amounts expended on each such improvement, including the total percentage of the cost of the public improvement, (f) a description of any interfund transfer or loan made from each impact fee fund, and (g) any refunds. This information is attached for each development impact fee.

FISCAL IMPACT: The development fees collected by the City are used to finance the portion of the cost of capital improvement projects that benefits new development within the City.

Agenda Item # 6

Prepared By:

Finance Director

Submitted By:

City Manager

<p align="center">City of Morgan Hill Impact Fees Revenue and Expenditures For Fiscal Year 2004/05</p>

FUND 301 - PARKS IMPACT FEE	Project Number	FY 04/05 AB 1600		
<u>Revenue</u>				
Interest		\$ 78,721		
Park Impact Fees		895,462		
Other Revenue		5,432		
Total Revenue		979,615		
			% from this Fund	Total Project Expenditures
<u>Revenue Expended For</u>				
Butterfield Linear Park	106096	20,878	100.000%	20,878
Soccer Complex	114000	505	6.765%	7,465
Reimburse RDA for Aquatics Improvement	115000	500,000	100.000%	500,000
Sports Complex - Fields	115a02	22,249	96.162%	23,137
West Little Llagas Creek	117001	524	100.000%	524
Paradise Park Play Equipment	118001	74,488	99.987%	74,498
Community Park Improvements	120001	29,137	99.335%	29,332
San Pedro Nature Park	122001	19,085	100.000%	19,085
Demonstration Water Conservation Garden	126005	9,772	100.000%	9,772
Administration		4,324	0.235%	1,838,082
Total Expenditures		680,962		
Revenue Less Expenditures		298,653		
Fund Balance as of July 1, 2004		3,539,104		
Fund Balance as of June 30, 2005		\$ 3,837,757		

<p align="center">City of Morgan Hill Impact Fees Revenue and Expenditures For Fiscal Year 2004/05</p>

FUND 303 - STORM DRAIN IMPACT FEE	Project Number	FY 04/05 AB 1600		
<u>Revenue</u>				
Interest		\$ 65,574		
Drainage Impact Fees		675,119		
Total Revenue		740,693		
<u>Revenue Expended For</u>			% from this Fund	Total Project Expenditures
Administration		1,536	0.084%	1,838,082
Total Expenditures		1,536		
Revenue Less Expenditures		739,157		
Fund Balance as of July 1, 2004		3,027,986		
Fund Balance as of June 30, 2005		\$ 3,767,143		

<p align="center">City of Morgan Hill Impact Fees Revenue and Expenditures For Fiscal Year 2004/05</p>

FUND 309 - TRAFFIC IMPACT FEE	Project Number	FY 04/05 AB 1600		
REVENUE				
Interest		\$ 66,649		
Traffic Impact Fees		994,168		
Other Revenues		1,608		
TOTAL REVENUE		1,062,425		
			% from this Fund	Total Project Expenditures
Revenue Expended For				
Plan Line Major Streets	501000	21,610	100.000%	21,610
Butterfield/Madrone	501C02	29,719	67.058%	44,319
Butterfield/S Tennant	501D02	28,222	80.098%	35,234
New Signal Construction	502000	8,006	100.000%	8,006
Tenant South 101 Signal	502K03	453,683	97.224%	466,636
Tennant Avenue	507B99	33,539	7.090%	473,053
Main Avenue/UPRR Improvements	524000	3,634	7.808%	46,545
Monterey Road/UPRR	528001	48,015	80.913%	59,342
101/Tennant Interchange	531003	65,672	100.000%	65,672
Pedestrian Crossing Improv Monterey/Central	538005	16,179	45.106%	35,869
Developer Reimbursement for Jasmine Square		58,623	100.000%	58,623
Developer Reimbursement for E. Dunne Median Improv		81,790	100.000%	81,790
Urban Limit Line Study		1,954	5.341%	36,582
Coyote Valley Specific Plan		12,000	57.143%	21,000
Total Expenditures		862,646		
Revenue Less Expenditures		199,779		
Fund Balance as of July 1, 2004		3,119,744		
Fund Balance as of June 30, 2005		\$ 3,319,523		

<p align="center">City of Morgan Hill Impact Fees Revenue and Expenditures For Fiscal Year 2004/05</p>

FUND 311 - POLICE IMPACT FEE	Project Number	FY 04/05 AB 1600		
<u>REVENUE</u>				
Interest		\$ 2,534		
Police Impact Fees		160,795		
TOTAL REVENUE		163,329		
			% from this Fund	Total Project Expenditures
<u>Revenue Expended For</u>				
Police Facility Expansion	228000	786	0.011%	7,115,077
Police Facility Bond Debt service		64,098	52.483%	122,132
Administration		5,937	0.323%	1,838,082
Total Expenditures		70,821		
Revenue Less Expenditures		92,508		
Fund Balance as of July 1, 2004		83,370		
Fund Balance as of June 30, 2005		\$ 175,878		

<p align="center">City of Morgan Hill Impact Fees Revenue and Expenditures For Fiscal Year 2004/05</p>

FUND 313 - FIRE IMPACT FEE	Project Number	FY 04/05 AB 1600		
REVENUE				
Interest		\$ 46,675		
Fire Impact Fees		114,890		
TOTAL REVENUE		161,565		
			% from this Fund	Total Project Expenditures
Revenue Expended For				
Administration		1,380	0.075%	1,838,082
Total Expenditures		1,380		
Revenue Less Expenditures		160,185		
Fund Balance as of July 1, 2004		2,333,569		
Fund Balance as of June 30, 2005		\$ 2,493,754		

<p align="center">City of Morgan Hill Impact Fees Revenue and Expenditures For Fiscal Year 2004/05</p>

FUND 347 - PUBLIC FACILITIES IMPACT FEE	Project Number	FY 04/05 AB 1600		
<u>REVENUE</u>				
Interest		\$ 9,973		
Public Facilities Impact Fees		109,440		
TOTAL REVENUE		119,413		
<u>Revenue Expended For</u>			% from this Fund	Total Project Expenditures
Administration		1,365	0.074%	1,838,082
Total Expenditures		1,365		
Revenue Less Expenditures		118,048		
Fund Balance as of July 1, 2004		314,545		
Fund Balance as of June 30, 2005		\$ 432,593		

<p style="text-align: center;">City of Morgan Hill Impact Fees Revenue and Expenditures For Fiscal Year 2004/05</p>
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FUND 348 - LIBRARY IMPACT FEE	Project Number	FY 04/05 AB 1600		
<u>REVENUE</u>				
Interest		\$ 10,333		
Library Impact Fees		69,062		
TOTAL REVENUE		79,395		
<u>Revenue Expended For</u>			% from this Fund	Total Project Expenditures
Administration		202	0.011%	1,838,082
Total Expenditures		202		
Revenue Less Expenditures		79,193		
Fund Balance as of July 1, 2004		490,953		
Fund Balance as of June 30, 2005		\$ 570,146		

<p style="text-align: center;">City of Morgan Hill Impact Fees Revenue and Expenditures For Fiscal Year 2004/05</p>
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FUND 360 - COMMUNITY/REC. CENTER IMPACT FEI	Project Number	FY 04/05 AB 1600
<u>REVENUE</u>		
Interest		\$ 1,102
Com/Rec Center Impact Fees		63,005
TOTAL REVENUE		<u>64,107</u>
<u>Revenue Expended For</u>		
		-
Total Expenditures		<u>-</u>
Revenue Less Expenditures		64,107
Fund Balance as of July 1, 2004		<u>18,906</u>
Fund Balance as of June 30, 2005		<u>\$ 83,013</u>

<p align="center">City of Morgan Hill Impact Fees Revenue and Expenditures For Fiscal Year 2004/05</p>

FUND 641 - SEWER IMPACT FEE	Project Number	FY 04/05 AB 1600		
<u>REVENUE</u>				
Interest		127,693		
Sewer Impact Fees		1,959,796		
Other Revenues		792		
TOTAL REVENUE		<u>2,088,281</u>		
			% from this Fund	Total Project Expenditures
<u>Revenue Expended For</u>				
Sewer Plant Improvements	303093	925,035	100.000%	925,035
Lift Station G Improvements	304g03	14,471	11.936%	121,233
Trunk Line MH Gilroy	308094	95,493	99.873%	95,615
Butterfield Sewer Trunk	314002	2,687	100.000%	2,687
SCRWA Debt Service (for Sewer Plant Improvements)		330,097	28.010%	1,178,483
Administration		3,745	0.204%	1,838,082
Total Expenditures		<u>1,371,528</u>		
Revenue Less Expenditures		716,753		
Fund Balance as of July 1, 2004		<u>5,706,985</u>		
Fund Balance as of June 30, 2005		<u><u>6,423,738</u></u>		

City of Morgan Hill Impact Fees Revenue and Expenditures For Fiscal Year 2004/05

FUND 651 - WATER IMPACT FEE	Project Number	FY 04/05 AB 1600		
REVENUE				
Interest		\$ 35,645		
Water Impact Fees		479,752		
TOTAL REVENUE		515,397		
			% from this Fund	Total Project Expenditures
Revenue Expended For				
Main Avenue/UPRR Improvements	524000	1,285	2.761%	46,545
New Well Property/Construction	601000/93	63,855	24.806%	257,415
Peet Well	601G01	258	100.000%	258
Main/San Pedro Pump Station	601J02	7,762	100.000%	7,762
New Well Reserves/Property	602000	22,223	100.000%	22,223
Boys Ranch Reservoir #3	602C01	154,999	27.996%	553,652
Edmundson Main Dist.	619002	449,703	100.000%	449,703
Transfer to Water Operations		615,591	100.000%	615,591
Debt service/fees		205,097	98.723%	207,749
Administration		563	0.031%	1,838,082
Total Expenditures		1,521,336		
Revenue Less Expenditures		(1,005,939)		
Fund Balance as of July 1, 2004		39,564		
Fund Balance as of June 30, 2005		\$ (966,375)		

impfee0405

SCHEDULE OF DEVELOPMENT IMPACT FEES FROM 7/1/04 TO 6/30/05

UNIT		TOTAL 10/18/2004 7/1/2004	ADJMT	TOTAL 10/18/2004	1/15/2005 ADJMT	1/15/2005 INDEX*	TOTAL AUTH- 1/15/2005	ORITY
<u>SINGLE FAMILY RESIDENTIAL - Subdivision</u>								
Water	dwelling unit	\$ 1,648		\$ 1,648	\$ 205	\$ 46	\$ 1,899	**
Sewer	dwelling unit	7,543		7,543	870	210	8,623	**
Public Facilities	dwelling unit	426		426	61	12	499	**
Library	dwelling unit	228	522	750	0	19	769	***
Traffic	dwelling unit	2,724		2,724	229	74	3,027	**
Police	dwelling unit	301		301	80	N/A	381	****
Fire	dwelling unit	473		473	0	12	485	**
Cmnty/Rec Ctrs	dwelling unit	384		384	0	10	394	****
Local Drainage	dwelling unit	1,545		1,545	183	43	1,771	**
Subtotl bef Park	dwelling unit	\$ 15,272	\$ 522	\$ 15,794	\$ 1,628	\$ 426	\$ 17,848	
Park Improvemnt	dwelling unit	\$ 1,151		\$ 1,151	\$ 242	\$ 35	\$ 1,428	**
Park In Lieu-Subc	dwelling unit	3,405		3,405	718	105	4,228	**
Total Park	dwelling unit	\$ 4,556		\$ 4,556	\$ 960	\$ 140	\$ 5,656	
Total Sngl Fmly Residential		\$ 19,828	\$ 522	\$ 20,350	\$ 2,588	\$ 566	\$ 23,504	
<u>SINGLE FAMILY RESIDENTIAL - No Subdivision</u>								
Water	dwelling unit	\$ 1,648		1,648	\$ 205	\$ 46	\$ 1,899	**
Sewer	dwelling unit	7,543		7,543	870	210	8,623	**
Public Facilities	dwelling unit	426		426	61	12	499	**
Library	dwelling unit	228	522	750	0	19	769	***
Traffic	dwelling unit	2,724		2,724	229	74	3,027	**
Police	dwelling unit	301		301	80	N/A	381	****
Fire	dwelling unit	473		473	0	12	485	**
Cmnty/Rec Ctrs	dwelling unit	384		384	0	10	394	****
Local Drainage	dwelling unit	1,545		1,545	183	43	1,771	**
Subtotl bef Park	dwelling unit	\$ 15,272	\$ 522	\$ 15,794	\$ 1,628	\$ 426	\$ 17,848	
Park Improvemnt	dwelling unit	\$ 1,151		\$ 1,151	\$ 242	\$ 35	\$ 1,428	**
Park In Lieu-No S	dwelling unit	2,389		2,389	228	67	2,684	**
Total Park	dwelling unit	\$ 3,540		\$ 3,540	\$ 470	\$ 102	\$ 4,112	
Total Sngl Fmly Residential		\$ 18,812	\$ 522	\$ 19,334	\$ 2,098	\$ 528	\$ 21,960	

impfee0405

SCHEDULE OF DEVELOPMENT IMPACT FEES FROM 7/1/04 TO 6/30/05

UNIT		TOTAL 10/18/2004 7/1/2004	ADJMT 10/18/2004	TOTAL 1/15/2005 ADJMT 10/18/2004	1/15/2005 INDEX*	TOTAL AUTH- 1/15/2005	ORITY
<u>MULTI-FAMILY RESIDENTIAL - Subdivision</u>							
Water	dwelling unit	\$ 1,487		1,487	\$ 185	\$ 42	\$ 1,714 **
Sewer	dwelling unit	6,384		6,384	736	178	7,298 **
Public Facilities	dwelling unit	353		353	46	\$ 10	409 **
Library	dwelling unit	192	422	614	0	\$ 15	629 ***
Traffic	dwelling unit	1,907		1,907	160	\$ 52	2,119 **
Police	dwelling unit	1,035		1,035	348	N/A	1,383 ****
Fire	dwelling unit	185		185	0	\$ 5	190 **
Cmnty/Rec Ctrs	dwelling unit	313		313	0	\$ 8	321 ****
Local Drainage	dwelling unit	797		797	214	\$ 25	1,036 **
Subtotl bef Park	dwelling unit	\$ 12,653	\$ 422	\$ 13,075	\$ 1,689	\$ 335	\$ 15,099
Park Improvemnt	dwelling unit	\$ 948		\$ 948	\$ 192	\$ 29	\$ 1,169 **
Park In Lieu-Subc	dwelling unit	2,805		2,805	570	86	3,461 **
Total Park	dwelling unit	\$ 3,753		\$ 3,753	\$ 762	\$ 115	\$ 4,630
Total Multi-Family Residentl		\$ 16,406	\$ 422	\$ 16,828	\$ 2,451	\$ 450	\$ 19,729
<u>MULTI-FAMILY RESIDENTIAL - No Subdivision</u>							
Water	dwelling unit	\$ 1,487		\$ 1,487	\$ 185	\$ 42	\$ 1,714 **
Sewer	dwelling unit	6,384		6,384	736	178	7,298 **
Public Facilities	dwelling unit	353		353	46	\$ 10	409 **
Library	dwelling unit	192	422	614	0	\$ 15	629 ***
Traffic	dwelling unit	1,907		1,907	160	\$ 52	2,119 **
Police	dwelling unit	1,035		1,035	348	N/A	1,383 ****
Fire	dwelling unit	185		185	0	\$ 5	190 **
Cmnty/Rec Ctrs	dwelling unit	313		313	0	\$ 8	321 ****
Local Drainage	dwelling unit	797		797	214	\$ 25	1,036 **
Subtotl bef Park	dwelling unit	\$ 12,653	\$ 422	\$ 13,075	\$ 1,689	\$ 335	\$ 15,099
Park Improvemnt	dwelling unit	\$ 948		\$ 948	\$ 192	\$ 29	\$ 1,169
Park In Lieu-No S	dwelling unit	1,974		1,974	170	55	2,199
Total Park		\$ 2,922		\$ 2,922	\$ 362	\$ 84	\$ 3,368
Total Multi-Family Residentl		\$ 15,575	\$ 422	\$ 15,997	\$ 2,051	\$ 419	\$ 18,467

impfee0405

SCHEDULE OF DEVELOPMENT IMPACT FEES FROM 7/1/04 TO 6/30/05

		TOTAL	10/18/2004	TOTAL	1/15/2005	1/15/2005	TOTAL AUTH-	
UNIT		7/1/2004	ADJMT	10/18/2004	ADJMT	INDEX*	1/15/2005	ORITY
<u>COMMERCIAL</u>								
Water	acre	\$ 4,678		\$ 4,678	\$ 582	\$ 134	\$ 5,394	**
Sewer	gallon	25.81		25.81	2.97	0.73	29.51	**
Public Facilities	acre	1,802		1,802	401	56	2,259	**
Traffic	peak hour trip	2,490		2,490	443	75	3,008	**
Police	acre	6,525		6,525	1,847	N/A	8,372	****
Fire	acre	1,419		1,419	0	36	1,455	**
Local Drainage	acre	9,339		9,339	1,130	266	10,735	**
<u>INDUSTRIAL</u>								
Water	acre	\$ 4,678		\$ 4,678	\$ 582	\$ 134	\$ 5,394	**
Sewer	gallon	25.81		25.81	2.97	0.73	29.51	**
Public Facilities	acre	1,314		1,314	165	\$ 38	1,517	**
Traffic	peak hour trip	2,486		2,486	447	\$ 75	3,008	**
Police	acre	762		762	172	N/A	934	****
Fire	acre	1,113		1,113	279	\$ 35	1,427	**
Local Drainage	acre	9,339		9,339	1,130	\$ 266	10,735	**

* ADJUSTED AUTOMATICALLY BY THE PERCENTAGE EQUAL TO THE ENGINEERING COST INDEX AS PUBLISHED BY THE ENGINEER NEWS RECORD FOR THE YEAR ENDED THE PREVIOUS MARCH (2.5% AT 1/15/05).

** IN ACCORDANCE WITH RESOLUTION NO. 5592 ADOPTED 8/21/02

*** IN ACCORDANCE WITH RESOLUTION NO. 5837 ADOPTED 8/18/04

**** IN ACCORDANCE WITH RESOLUTION NO. 5686 ADOPTED 6/18/03

N/A: NOT APPLICABLE

**CITY OF MORGAN HILL
JOINT SPECIAL CITY COUNCIL
AND SPECIAL REDEVELOPMENT AGENCY MEETING
MINUTES – NOVEMBER 30, 2005**

CALL TO ORDER

Mayor Pro Tempore/Vice-chair Tate called the special meeting to order at 5:30 p.m.

ROLL CALL ATTENDANCE

Present: Council/Agency Members Grzan, Sellers, Tate
Late: Council/Agency Member Carr (arrived for closed sessions)
Absent: Mayor/Chairman Kennedy

DECLARATION OF POSTING OF AGENDA

City Clerk/Agency Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

City Council and Redevelopment Agency Action

CLOSED SESSIONS:

1.

PUBLIC EMPLOYEE APPOINTMENT

Authority:	Government Code 54957
Consideration of Appointment:	City Attorney
Attendees:	City Manager, Interim City Attorney, Bob Murray

2.

CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Authority:	Government Code 54956.8
Property:	17440 Monterey Road, APN: 726-14-028
Negotiating Parties:	
For City:	City Manager, Director of Business Assistance & Housing Services, City Attorney
For Property Owners:	Edward & Irene Enderson
Closed Session Topic/Under Negotiation:	Price and Terms of Payment

OPPORTUNITY FOR PUBLIC COMMENT

Mayor Pro Tempore/Vice-chair Tate opened the Closed Session items to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Mayor Pro Tempore/Vice-chair Tate adjourned the meeting to Closed Session at 5:33 p.m.

RECONVENE

Mayor Pro Tempore/Vice-chair Tate reconvened the meeting at 7:00 p.m.

CLOSED SESSION ANNOUNCEMENT

Interim City Attorney/Agency Counsel Siegel announced that no reportable action was taken in closed session.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

RECOGNITIONS

Mayor Pro Tempore Tate presented a Certificate of Appreciation to Amy Uhl and Teresa DelPrete for their accomplishments in starting the "Pack a Lunch for a Friend in Mississippi" program to send decorated and filled lunch bags to children who were victims of Hurricane Katrina.

PRESENTATION

Special Assistant to the City Manager Julie Spier & Senior Project Manager Jim Dumas presented the City Council with a certificate; designating the Morgan Hill Aquatics Center as the winner of the Silver LEED Award – 2005. Mr. Dumas informed the Council that the certificate and the certification plaque would be permanently installed at the Aquatics Center to commemorate the City's "green" efforts in the construction of the Center.

CITY COUNCIL SUBCOMMITTEE REPORT

None

CITY MANAGER REPORT

City Manager Tewes brought the Council up to date on some administrative actions that affect solar system building permits. He noted that there have been some concerns raised about the fees charged in Morgan Hill and other communities for the installation of solar systems. He informed the Council that the fees charged for solar systems are on the basis of a combination permit. Staff uses the value of the construction times a factor contained in the building code to equal the solar system building permit fee. He said that in most cases, the combination permit fee is the most cost efficient for developers or those proposing to install systems. However, for the solar systems that led to Morgan Hill being amongst the

highest permit fees, he informed the Council that staff has made an administrative change that has the affect of reducing the fees for a \$25,000 installation by 60%+. He indicated that staff will commence charging these units as electrical only permits, plus the plan check hours approach versus a combination permit. He stated that he would be forwarding a memorandum to the Council that addresses this change. He noted that the Council has directed that the Utility & Environment Committee review other issues and determine whether or not it would be appropriate to use community-wide resources to help these fees to reduce the building permit fees further. He said that the City is required to achieve cost recovery under the law. It is staff's belief that the City would accomplish cost recovery with the approach adopted. However, it would be possible for the Council to appropriate tax dollars to further reduce these fees, if it is determined to that this is an appropriate public policy objective. He stated that the Utility & Environmental Committee will be reviewing this issue later this month.

CITY ATTORNEY REPORT

Interim City Attorney Siegel stated that he did not have a City Attorney's report to present this evening.

OTHER REPORTS

Council Member Sellers announced that City Manager Tewes has recently been certified as a credentialed City Manager by the International City Managers Association. It was his understanding that only a few city managers in the entire state and country have so been certified. He acknowledged that it took a lot of work to become a credentialed city manager and that it would require a significant amount of work to retain the credentialing over the next few years. He felt the Council, City and the community should be proud of the City Manager's accomplishment. He commended the City Manager on his achievement.

PUBLIC COMMENT

Mayor Pro Tempore/Vice-chair Tate opened the floor to public comments for items not appearing on this evening's agenda. No comments were offered.

City Council and Redevelopment Agency Action

CONSENT CALENDAR:

Action: *On a motion by Council/Agency Member Sellers and seconded by Council/Agency Member Carr, the City Council/Agency Board, on a 4-0 vote with Mayor/Chairman Kennedy absent, **Approved** Consent Calendar Items 1 and 2 as follows:*

1. **PUBLIC ART AT THE INDOOR RECREATION CENTER**
 Action: Information Only.
2. **CIVIC CENTER PLAZA BENCHES/SEAT WALLS**

Action: **Confirmed** *Library Architectural Elements Desired on Benches, and Sister Cities Concept to Not Be Incorporated in Plaza Design.*

(Note: *See amended action to follow.)*

City Council and Redevelopment Agency Action

OTHER BUSINESS:

3. LIBRARY PROJECT VALUE ENGINEERING AT 75% CONSTRUCTION DOCUMENTS AND COST ESTIMATE

Special Assistant to the City Manager Spier presented the staff report; indicating that the City Council provided the library project team with two standing orders: 1) stay on budget; and 2) stay on schedule. She requested further Council/Agency Board direction regarding staying on budget on the library construction project. She indicated that staff is requesting authorization on six items: 1) value engineer the project to meet the \$17 million project budget; 2) increase the project budget by \$400,000, funding to come from the reallocation from the \$950,000 Sobrato Project funding remaining CIP budget; or 3) increase the budget by those value engineered proposed items the Council/Agency Board would like to include and remove those items it would not like the project team to maintain in the project. 4) Appropriate \$130,000 from the Park Impact Fund to take care of the playground proposed for this project to be located at the corner of DeWitt and Alkire. 5) Recognize that parks maintenance for the fiscal year will need to be increased by approximately \$20,000. 6) Authorization to amend the Noll & Tam contract to reflect the project budget.

Ms. Spier informed the Council that the project has passed the 75% construction document phase and cost review. This review has brought to light the approximately \$400,000 in cost overruns at this time. She indicated that TBI was brought on board to keep the City on budget and that they were willing to make the budget decisions in order to keep the City on track. Staff made the decision to come before the Council/Agency Board to receive further direction on these items. She said that the numbers are off because the numbers do not include the playground allocation. The budget number would be \$531,000, should the City not receive the \$130,000 allocation. She informed the Council that Jim Dumas, senior project manager would be presenting the Council/Agency Board with a brief update on the library project. Gary Dam, Vice-president of TBI, was in attendance to respond to any questions relating to the value engineered items. Also, in attendance this evening was Glenn Ritter to respond to questions regarding construction project support.

Ms. Spier informed the Council that the agenda packet contained a memorandum dated November 21, 2005 that talks about potential enhancements. She indicated that staff was not able to address several of these items as the project is not far enough along to identify precise numbers (e.g., furniture fixtures, equipment, etc.). She said that it is staff's intent that these items would be captured within the current budget, however, it is possible that these enhancements may not be carried on as the City gets closer to the project's cost estimates. She stated that one item that is not included in the project is the children's room enhancement. She indicated that these are items that can be added to the construction project at

any time, and would not affect the schedule or design of the project, should the Council/Agency Board decide to fund these enhancements. As an alternative, the Council/Agency Board can ask that the community fundraise for these enhancements in the amount of approximately \$75,000-\$100,000. She noted that in attendance were Rosanne Macek, community librarian, and Sarah Flowers, county librarian, who could answer questions regarding the design process.

Project Architect Dumas addressed the design of the library, indicating that the design incorporates all the elements contained in the Santa Clara County building program. He confirmed that the project remains flexible and expandable to address future needs, as requested by the Council. He addressed the site design, colors, and materials to be used for the library project. He also addressed the exterior/interior designs and finishes. He said that it has been the previous Council/Agency Board's direction to keep the library project within budget. However, this project is scheduled to be constructed in times when strong and inflationary pressures are being projected in the construction industry. He stated that these increased escalation costs can be value engineered from the project. He said that staff and TBI wanted to walk the Council/Agency Board through the potential value engineer items before proceeding. He noted that there is a Group 1 (minor changes to project) and Group II (major changes to the project) value engineered items identified. He said that staff identified three items that would affect the project's schedule. The others were relatively minor changes that could be made to the project and still remain within schedule.

City Manager/Executive Director Tewes stated that the City's architects are proceeding to design a project that the City can bid shortly after the first of the year. The bid would not include the value engineered items. Therefore, the City's architects are designing a building that would be \$400,000 short of the funding necessary to meet the construction schedule. In the list, staff identified possible/feasible reductions in the scope that could assist the City meet the budget. Should the City value engineer some of the items, it would necessitate redesign; losing some days in some and/or weeks in others, in terms of the schedule. Therefore, there is a relationship between the budget and schedule. He said that the current path is one that the City's architects are designing so that the project will stay on schedule. It is the City's estimate that it would cost the City \$400,000 more than the current budget. He clarified that the items listed on page 9 are suggestions on how the City can achieve the budget limitations with the potential schedule being bumped back for several weeks or a month.

Mayor Pro Tempore/Vice-chair Tate stated that he did not understand the impacts of the value engineered items. He said that he did not want to eliminate any items that are considered important to the project, however, it appears that some of the items may not be important to the project. He said that he would like to know the schedule impact associated with some of the items.

Gary Dam said that what is being suggested is that should there be a strong desire to remain within the \$17 million budget; the value engineered items were identified. He said that every item listed would take away from the library, to some extent. Item 15 is an item that he would probably suggest be eliminated, regardless. He said that during the course of the design, the roof system has changed. The design will be incorporating a regular roof system, saving approximately \$20,000 with no schedule impacts. He indicated that item 16 is the elimination of the recessed flooring. He said that the elimination of this item would not affect the schedule significantly. He said that it is proposed to

hardwire computers in the library, and that it would be a trend to go wireless. He clarified that items 4 through 8 were items that they believe the Friends of the Library would get behind and conduct fundraising efforts to provide these items.

Council/Agency Member Carr clarified that it is the thought that the Council/Agency Board would amend the budget with the hope that these would be projects that the Friends of the Library and/or others would get behind to give thought to fundraising opportunities.

Mayor Pro Tempore/Vice-chair Tate opened the floor to public comment.

Nancie Barker was pleased to see progress being made on the library. She wanted to make sure that the City has adequate funding to build the library everyone is hoping for. She realizes that building costs have escalated in part due to the rebuilding and reconstruction associated with the damage done by the hurricanes. It was her belief that the City needs to look at building a library that everyone can be proud of in the future. She recommended that the City takes the monies from the canceled Sobrato soccer project and reallocate the funds to cover the costs associated with the library. It was her belief that Morgan Hill would receive an excellent payback for any money expended on the library. She indicated that the ongoing operational costs do not impact the City as they are paid for by the County. She felt that individuals of all ages and background enjoy the library. It was her belief that this is the most heavily used facility than any others in the City, and that it would be worth putting money into a facility that is used so heavily by everyone. She felt that \$400,000 would be extremely well spent.

Carol O'Hare, President of the Friends of the Library, stated that the architects and project manager have worked hard to design a new library facility for the community that is both attractive and functional, and still remain within the \$17 million budget. She acknowledged that construction costs have soared without anyone being responsible for this. Therefore, the Council/Agency Board is now faced with a decision to either cut additional items from the library or use additional RDA funds to complete the project desired. It has been stated that there is approximately \$950,000 of available RDA funds. It was her opinion that there is only one thing for the Council/Agency Board to do: to allocate \$380,000 as the City has identified a project savings of approximately \$20,000 this evening. Doing so would give the community the best possible library. She informed the Council that the Friends of the Library are committed to supporting the new library through fundraising efforts in order to have the best library building possible.

George Nale, Secretary of the Sister Cities Association, indicated that he was in attendance to address Consent Calendar Item 2 on behalf of John Foggiano, president of the Sister Cities Committee, as he was not able to attend this evening's meeting. He expressed concern with the recommendation made by the Library, Culture & Arts Commission regarding the outdoor benches in the new library plaza. He felt that there may have been a communication breakdown among the organizations. He indicated that for several years, the Sister Cities group and, at times, the Library Commission, have talked about benches being a good possibility for highlighting sister cities on an ongoing fashion. The Sister Cities Association would like the City to provide an international connection for the community about the City's sister cities. He said that Dr. Figotto thought he had earlier received a message that the Library Commission was accepting the Sister Cities Association's proposed ideas for design features and

accepting responsibility for getting them implemented. He said that the Sister Cities Committee would agree to accept the responsibility for maintaining and updating the material to be placed on the benches. He indicated that the Sister Cities Association has viewed the plaza as an integral part of the civic center rather than being library exclusive. He informed the Council/Agency Board that the Sister Cities Committee received a presentation from City staff on November 9 where they selected a bench-type from those presented that they felt would be appropriate. The Sister Cities Committee was surprised by the Library Commission's recommendation which predated this presentation by 2-3 weeks. It is also their understanding that the Library Commission's recommendation that the Sister Cities Committee's flag poles in the plaza area would not be feasible, nor could be accomplished. It was his hope that the Council/Agency Board would hold off acting on this item until such time that Mr. Foggato is available to plead their case, or understand the objections of the Sister Cities' long standing plan.

Mayor Pro Tempore/Vice-chair Tate noted that Mr. Nale was addressing item 2 previously acted upon on Consent Calendar. He inquired whether there was any desire to reconsider "accepting the report" as listed. He indicated that he was in attendance at the last Library, Culture & Arts Commission meeting where they made a recommendation that the Council approved. He indicated that there was confusion and communication problems between the Commission and the Sister Cities Committee. He would like to see if there was a way to sort out the confusion, independent from the Council/Agency Board.

Action: *On a motion by Council/Agency Member Carr and seconded by Council/Agency Member Grzan, the City Council/Agency Board, on a 4-0 vote with Mayor/Chairman Kennedy absent, **agreed** to reopen agenda item 2.*

2. CIVIC CENTER PLAZA BENCHES/SEAT WALLS (reopened for discussion/action)

Council/Agency Member Sellers noted that Mayor/Chairman Kennedy had significant involvement on this issue, therefore, he felt it appropriate to defer action on this item until the Mayor is able to attend the meeting and participate in the discussions. He noted that it was mentioned that there was some confusion and miscommunication between the two organizations. He inquired whether a delay of this item would cause any issues. If so, how long of a delay would be prudent?

Ms. Spier indicated that staff is designing the plaza with seat walls. Therefore, seat walls would be included in the project no matter the decision. It is a question of what the seat walls would look like.

Action: *On a motion by Council/Agency Member Sellers and seconded by Council/Agency Member Carr, the City Council/Agency Board, on a 4-0 vote with Mayor/Chairman Kennedy absent: 1) **Rescinded** its previous action to accept the report; and 2) **Directed** that this item be rescheduled for a subsequent Council/Agency Board meeting, to be determined by staff, with the hope that the Library, Culture & Arts Commission and the Sister Cities Committee get together in the meantime.*

3. LIBRARY PROJECT VALUE ENGINEERING AT 75% CONSTRUCTION DOCUMENTS AND COST ESTIMATE (continued discussion)

Bert Berson stated his support of the comments expressed by Ms. Baker and Ms. O'Hare. He clarified that there would be no ongoing costs associated with the operations of the library once built. He addressed the return on investment issue. He said that if you look at cities within the bay area, the places with the highest housing prices tend to be places with the best education system. He said that individuals go as far as looking at specific school districts as a decision factor in choosing a house. While individuals in the community enjoy the Aquatics Center and the Community & Culture Center, he does not believe individuals would move to Morgan Hill because of these two facilities. Individuals would move to Morgan Hill if the education system represents quality. He felt that a library would be a strong factor in this and that the new library would allow the City to attract more affluent individuals; generating additional sales tax dollars. He recommended that the Council/Agency Board fund the library according to the proposal with the rationale that the City is serving itself in a financial sense.

No further comments were offered.

Council/Agency Member Sellers indicated that the Council/Agency Board value engineered significant items out from the Aquatics Center, Community & Culture Center and the Indoor Recreation Center. He noted that the Council/Agency Board made a statement that it wanted to hold to a library at \$17 million. This lends one to state that the City needs to keep to the budget and go through the process of eliminating items. More so than other facilities, he felt the library makes a statement of what kind of community we are. He does not believe the library needs to be an extravagant facility; noting that it will not be as currently designed. However, it does need to be a facility that is welcoming and includes all of the elements that will make it an accommodating facility for all individuals who will use it; making a statement to the rest of the world about the value the City holds as a community. He said that as the Economic Development Committee chair, he and Council Member Carr suggested a delay on the decision on what the Agency Board should do with the remaining \$950,000 because the Committee wanted to see what would happen to the library project. He said that there have been a number of events in world activities that have made construction costs much more significant than they were a year ago. The Committee did not want to make decisions only to undo them until it had an idea of what the library would cost. Having gone through this process, understanding that there would be extra costs associated with the library project, he recommended the Agency Board allocate \$380,000 to the library from the former Sobrato Soccer fund as it would be appropriate to use these funds to make sure the library is made whole, making it the facility everyone wants it to be.

Council/Agency Member Grzan said that a project of this size usually has a contingency fund set aside to cover additional costs. He inquired whether contingency funds were set aside for this project.

Mr. Dam responded that the library project includes a contingency fund and that it remains in the project. He said that they would like to take into account the potential escalation that would take place between now and the completion of the library project. It was his understanding that the library would commence construction as early as March 2007, however, it will take a year to build it. As contractors are bidding on the library project, they will take into account escalating costs from the time they bid to the time they actually do the work. The project team is trying to maintain the escalation costs within the project. The project team is also maintaining the contingency factor for the project.

Council/Agency Member Grzan stated that he has always been supportive of the library and that he would continue to support the actions presented this evening. He further stated that he had an opportunity to attend the League of California Cities. At the conference, he noted that the City of Mt. View won a Helen Putnum Award for excellence for its use of the library; particular the teen zone designed within the library. He indicated that a portion of the library included teen librarians, seating and computers reserved for teens after school and weekends, new books, music, DVDs, magazines, and comfortable chairs around the fireplace for relaxing or playing games. He indicated that he previously recommended that a fireplace be incorporated into the library design. It stated that a fireplace that uses natural or fuel efficient materials is an amenity that he would support above and beyond what has been allocated in this budget. He felt there was still an opportunity to include additional amenities that are appropriate and that would bring about an award winning program to the community. It was his belief that libraries are activity and learning centers, and that the City should support this type of an approach instead of the static/passive approach libraries have been known for. He felt that an active/learning center would be better for the community. He recommended the Council/Agency Board do more than what is being recommended this evening.

Council/Agency Member Carr indicated that he was supportive of making sure the Council/Agency Board builds the project it said it was going to build. He challenged the Friends of the Library and others interested in finding ways to help support the library; noting that everyone will be good users of the library. He acknowledged that most individuals in attendance this evening have been library supporters for quite some time. He would be encouraged to hear how the Friends of the Library would help fund some of the items, particular the items identified by staff as potential fundraising categories. He felt that once the ground breaking ceremony is held, individuals who have been skeptics will have their minds changed, and that this would be the best time to have individuals assist with funding. He recommended that as the project moves forward, staff will identify other items that can be eliminated similar to item 15; the cost savings that will not change the function of the library or the timing of the project. He felt that the City should figure ways of pursuing items that would not change the function of the library as well.

Mayor Pro Tempore/Vice Chair Tate thanked the Council/Agency Board for its support of the library. He noted that when the Council approved the \$17 million budget for the library, it was stated that this was the absolute budget limit. He could not support the motion because he feared that this evening would arrive and the Council/Agency Board would automatically state that it needs to maintain the \$17 million budget. He said that an action by the Council/Agency Board to make the library whole is fulfilling.

Council/Agency Member Carr inquired whether it was prudent for the Council/Agency Board to approve a budget allocation of \$380,000 versus \$400,000.

Project Manager Ritter indicated that an additional \$20,000 would not be enough to fund the fireplace that Council/Agency Member Grzan is recommending, however, it would help with the installation of some sort of fireplace.

Council/Agency Member Grzan recommended that the amount be increased.

City Manager/Executive Director Tewes noted that the City has a library design that is now 80% underway. Should the Council wish to incorporate a fireplace into the design, the Council/Agency Board would need to allocate additional funding and slow down the project.

Mayor Pro Tempore/Vice-chair Tate stated that he did not want to slow down the project.

City Manager/Executive Director Tewes noted that the Council/Agency Board has maintained the opportunity for expandability of the library and that the fireplace could be included in the subsequent phase of the library.

Redevelopment Agency Board:

Action: *On a motion by Agency Member Sellers and seconded by Agency Member Carr, the Agency Board, on a 4-0 vote with Chairman Kennedy absent, **Increased** the Project Budget by \$380,000 to Fund the Value Engineered Items from the Unallocated Sobrato Soccer CIP Budget of \$950,000.*

City Council:

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council, on a 4-0 vote with Mayor Kennedy absent, **Appropriated** \$130,000 from the Park Impact Fund 301 to Fund the Neighborhood Playground on the corner of Dewitt & Alkire at the Civic Center Site.*

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council, on a 4-0 vote with Mayor Kennedy absent, **Recognized** that the Parks Maintenance Budget will Need to be Increased by Approximately \$20,000 in Fiscal Year 2006-2007 to Fund the Maintenance Contract of the Increased Civic Center Site.*

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council, on a 4-0 vote with Mayor Kennedy absent, **Authorized** the Amendment of the Noll & Tam Agreement to Increase by \$20,000 the Approved Fees for Document Clarification with no Impact to the Project Budget.*

4. **SELECTION OF CITY COUNCIL MAYOR PRO TEMPORE AND REDEVELOPMENT AGENCY VICE-CHAIR**

Mayor Pro Tempore/Vice-chair Tate indicated that Mayor/Chairman Kennedy requested that the selection of City Council Mayor Pro Tempore and Redevelopment Agency Vice-chair be delayed until such time that he can attend the meeting where this item will be discussed/acted upon.

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council, on a 4-0 vote with Mayor Kennedy absent, **Continued** this item to December 7, 2005.*

FUTURE COUNCIL-INITIATED AGENDA ITEMS

No items were identified.

ADJOURNMENT

There being no further business, Mayor Pro Tempore/Vice-chair Tate adjourned the meeting at 7:50 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, CITY CLERK/AGENCY SECRETARY

**CITY OF MORGAN HILL
JOINT SPECIAL AND REGULAR CITY COUNCIL
AND SPECIAL REDEVELOPMENT AGENCY MEETING
MINUTES – DECEMBER 7, 2005**

CALL TO ORDER

Mayor/Chairman Kennedy called the special meeting to order at 7:00 p.m.

ROLL CALL ATTENDANCE

Present: Council/Agency Members Carr, Grzan, Sellers, Tate and Mayor/Chairman Kennedy

DECLARATION OF POSTING OF AGENDA

Deputy City Clerk/Deputy Agency Secretary Malone certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

City Council and Redevelopment Agency Action

CLOSED SESSIONS:

1.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Authority:	Government Code Sections 54956.9(b) & (c)
Number of Potential Cases:	2

Mayor/Chairman Kennedy announced that the Closed Session was not held.

SILENT INVOCATION

Mayor/Chairman Kennedy asked all to recall that this is a day to remember the attack on Pearl Harbor, and also encouraged them to remember the service men and women who are currently fighting throughout the world to protect freedom.

PLEDGE OF ALLEGIANCE

Mayor/Chairman Kennedy led the Pledge of Allegiance.

COMMENDATIONS

Mayor Kennedy presented a summary of the events that occurred on September 15, 2005 in the apprehension of a murder suspect by Morgan Hill Police, for which the following Commendations were given to Police personnel.

Mayor Kennedy and Police Chief Cumming presented Commendations to the following Police personnel for their outstanding service in the apprehension of a murder suspect on September 15, 2005:

Officer Kyle Christensen, Officer Bill Norman, Officer Rodney Krewson, Dispatcher Lynette Madruga, Dispatcher Sarah Savage, Corporal Michael Brookman (Dispatch), MSO Nate Mazon, Sergeant Dave Myers, Sergeant Rick Rodriguez, Sergeant Mark Brazeal, Sergeant Jerry Neumayer, Corporal Troy Hoefling, Corporal Dave Leonard, Corporal Shane Palsgrove, Officer Max Cervantez, Officer Mindy Zen.

INTRODUCTIONS

Interim Recreation and Community Services Manager Rod Cooper introduced Community and Cultural Center Event Coordinator Debbie Lazzarino.

CITY COUNCIL REPORT

Mayor Pro Tempore Tate reported on his coordinating work with the Youth Advisory Committee (YAC). There are currently 18 who serve in various capacities on the YAC, and one of the projects they are currently working on is the adoption of the skate board park to make sure it is kept available for the use of Morgan Hill youth. They have planned a fund raising event to occur on Friday night, December 9, which will be an indoor band concert at the Community and Cultural Center. He invited any adults who would be interested in chaperoning the event to contact the Recreation Department staff.

Also, on April 9, 2006 the Morgan Hill YAC and the Gilroy YAC are planning a “Senior Ball” for senior citizens from both communities. They are in the process of planning this event and are seeking sponsors. This “Swing Into Spring” will be a multi-generational event. He stated that he is very proud of the youth and takes great pleasure in working with them.

CITY MANAGER REPORT

No report.

CITY ATTORNEY REPORT

No report.

OTHER REPORTS

None.

PUBLIC COMMENT

Mayor/Chairman Kennedy opened the floor to public comments for items not appearing on this evening’s agenda.

Mr. Carlo Golino addressed the Council regarding the Brownfield Grant Application for former Castle VegTech Inc. site at 16470 and 16495 Vineyard Blvd. He stated that he was present tonight to answer any technical questions that the staff may have of him regarding this application.

City Manager Tewes clarified that a private group has applied for this grant from the EPA to clean up this site, and that the City has advised that this is an appropriate action to take.

Chamber of Commerce President Dan Ehrler addressed the Council regarding the article that appeared in Saturday's Morgan Hill Times about the Chamber of Commerce. He stated that the Chamber recognizes the need for accountability, and will be providing information that has been requested on the Economic Development partnership with the City in their Second Quarter Report in January. He has already made appointments with the City Manager and Business Assistance and Housing to discuss the format, and wanted to make sure the Council and the public were informed that the Chamber is moving forward in providing this information.

Council Member Sellers suggested that any questions that the Council had for the Chamber be submitted in advance to make the process more efficient by allowing them to come to the meeting prepared to provide the answers.

No further public comments were offered, and the Mayor closed the public comment.

City Council Action

CONSENT CALENDAR:

Item 10 was pulled from the Consent Calendar for Council discussion and roll call vote.

Action: *On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) **Approved** Consent Calendar Items 1-9 and 11- 14, as follows:*

1. **REQUEST FOR BANKING SERVICES**

Action: *1) **Awarded** Contract for Banking Services to Bank of the West; and 2) **Authorized** the City Manager to Execute a Contract with Bank of the West for Banking Services for Three Years, with an Option to Renew for Three Additional Years; Subject to Review and Approval by the City Attorney.*

2. **APPROVE FILING GRANT APPLICATION FOR COMMUNITY PARK BASKETBALL COURT AND WATER CONSERVATION MEASURES**

Action: ***Adopted** Resolution Approving the Filing of an Application for Grant Funds for the Roberti-Z'Berg-Harris Block Grant Program under the California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Act of 2002.*

3. **ACCEPTANCE OF TRAFFIC SIGNAL INSTALLATION AT TENNANT/HIGHWAY 101 SOUTHBOUND RAMPS PROJECT**
*Action: 1) **Accepted** as Complete the Traffic Signal Installation at Tennant Avenue and Highway 101 Southbound Ramps Project in the Final Amount of \$501,491; and 2) **Directed** the City Clerk to File the Notice of Completion with the County Recorder's Office.*
4. **COURTHOUSE GARDEN CONCEPTUAL DESIGN**
*Action: **Appropriated** \$10,600 from the Unappropriated Fund Balance in Water System Replacement Fund (653) for the Demonstration Water Conservation Garden Project, CIP #126005.*
5. **CONSULTANT AGREEMENT WITH NAFFA INTERNATIONAL, INC. FOR OUTSIDE PLAN REVIEW SERVICES**
*Action: **Authorized** the City Manager to Execute a Contract in the Amount of \$75,000; Subject to Review and Approval by the City Attorney.*
6. **PURCHASE OF THE POLICE COMMUNICATIONS' DISPATCH VOICE LOGGING SYSTEM**
*Action: **Filed** Report on the Emergency Purchase of a Communications' Dispatch Voice Logging System from Capture Technologies for \$10,605.89.*
7. **GENERAL FUND RESERVE POLICY**
*Action: **Directed** Financial Policy Committee Recommendations Concerning General Fund Reserve Policy to City Council for Consideration at the January 2006 Retreat.*
8. **AMENDED REIMBURSEMENT AGREEMENT WITH PRAVIN PATEL FOR 16995 CONDIT ROAD**
*Action: 1) **Approved** an Appropriation of \$4,549 from the Current Year Unappropriated Measure C – Capital Improvement Project Fund Balance for Reimbursements for Extra Work along the Southeast Frontage of 16995 Condit Road; and 2) **Authorized** the City Manager to Execute the Amended Reimbursement Agreement on Behalf of the City, Subject to Review and Approval by the City Attorney.*
9. **FINAL MAP FOR JASPER PARK PHASE I (TRACT 9732)**
*Action: 1) **Approved** the Final Map, Subdivision Agreement and Improvement plans; 2) **Authorized** the City Manager to Sign the Subdivision Improvement Agreement on Behalf of the City; 3) **Authorized** the City Clerk to Sign the Final Map Authorizing Abandonment of Unused Easement; and 4) **Authorized** the Recordation of the Map and the Subdivision Improvement Agreement Following Recordation of the Development Improvement Agreement.*

10. RESOLUTION OF INTENTION AND INTRODUCTION OF ORDINANCE APPROVING AMENDMENT TO CONTRACT WITH CalPERS

City Manager Tewes stated that this item is part of a series of actions related to the Memorandum of Understanding approved by the Council, and that this item should be opened to receive any public comment.

Mayor Kennedy opened the public comment on Item 10. No comments were offered by the public, and the public comment was closed.

Action: *On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) **Approved** Consent Calendar Items 10, as follows:*

- 1) **Adopted** Resolution Approving Amendment to Contract with CalPERS;*
- 2) **Authorized** the Mayor to Execute the Amendment to Contract Following Final Approval of the Ordinance*

Deputy City Clerk Malone read the ordinance title introducing the ordinance and to took a roll call vote of the Council.

Action: *Council unanimously (5-0) **Waived** the Reading, and **Introduced** the Ordinance, and **Declared** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN THE CITY COUNCIL OF THE CITY OF MORGAN HILL AND THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM TO PROVIDE 2.5% AT 55 RETIREMENT BENEFIT FOR MISCELLANEOUS EMPLOYEES.*

11. ADOPT ORDINANCE NO. 1745, NEW SERIES

Action: ***Waived** the Reading, and **Adopted** Ordinance No. 1745, New Series, and **Declared** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1725 NEW SERIES, AMENDING THE DEVELOPMENT AGREEMENT FOR TILTON-GLENROCK, TO ALLOW FOR A 7-MONTH EXTENSION OF THE FINAL MAP SUBMITTAL DATE AND BUILDING PERMIT SUBMITTAL DATE, AND AN 8-MONTH EXTENSION for OBTAINING the BUILDING PERMIT DATE FOR 34 BUILDING ALLOCATIONS GRANTED FOR FISCAL YEAR 2005-2006 FOR MP-02-03: Tilton-Glenrock.*

12. ADOPT ORDINANCE NO. 1746, NEW SERIES

Action: Waived the Reading, and Adopted Ordinance No. 1746, New Series, and Declared That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A ZONING AMENDMENT TO ESTABLISH A PLANNED UNIT DEVELOPMENT FOR A 66.49-ACRE AREA LOCATED AT THE NORTHEAST QUADRANT OF COCHRANE ROAD AND HIGHWAY 101 (APNs 728-37-001, -002, -004, -005 & -007) (ZA-04-12: COCHRANE – DINAPOLI/BROWMAN).

13. ADOPT ORDINANCE NO. 1747, NEW SERIES

Action: Waived the Reading, and Adopted Ordinance No. 1747, New Series, and Declared That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT BETWEEN THE CITY OF MORGAN HILL AND MORGAN HILL RETAIL VENTURE, LIMITED PARTNERSHIP, FOR CERTAIN REAL PROPERTY CONSISTING OF APPROXIMATELY 66.5 ACRES LOCATED IN THE CITY OF MORGAN HILL AT THE NORTHEAST QUADRANT OF COCHRANE ROAD AND HIGHWAY 101 (DA-05-11: Cochrane-DiNapoli-Browman).

City Council and Redevelopment Agency Action

CONSENT CALENDAR:

Action: *On a motion by Council/Agency Member Tate and seconded by Council/Agency Member Sellers, the City Council/Agency Board unanimously (5-0) Approved Consent Calendar Item 14, as follows:*

14. APPROVE JOINT CITY COUNCIL REGULAR AND REDEVELOPMENT AGENCY SPECIAL MEETING MINUTES OF NOVEMBER 16, 2005

Action: Approved as Submitted.

City Council Action

PUBLIC HEARINGS:

15. DOWNTOWN ADMINISTRATIVE USE PERMIT FEE AND RESIDENTIAL PRIVATE LIVESTOCK PERMIT FEE

Director of Community Development Molloy Previsich presented the staff report as provided in the agenda packet, explaining that these are new types of permits and the recommendations are based on

staff analysis of the time and costs involved to cover the permit processing. If approved, this resolution will take effect 60 days after adoption.

Mayor Kennedy opened the public hearing.

No comments being offered, the public hearing was closed.

Action: *On a motion by Council Member and seconded by Council Member, the City Council unanimously (5-0) **Adopted** Resolution Establishing a new Downtown Administrative Use Permit Fee and Residential Private Livestock Permit Fee, Effective February 6, 2006.*

City Council Action

OTHER BUSINESS:

16. DISCUSS DOWNTOWN HOUSING AND MIXED USE DEVELOPMENT PROJECTS IN RELATION TO MEASURE C, AND PROVIDE DIRECTION REGARDING ADVANCING RESIDENTIAL BUILDING ALLOCATIONS FROM 2009-2010 AS NEEDED TO COMPLETE PROJECTS

Director of Community Development Molloy Previsich presented the staff report as provided in the agenda packet. She reported that this request is being made to address some of the difficulties that such projects need to overcome due to the type of construction involved. One result of transfer of the 18 units would be to eliminate the need to hold a competition next year. Another consideration is the effect this would have on the allotments available for other areas of the city, so it is recommended that the Community and Economic Development Committee be directed to study the impacts of this proposal and to investigate the possibility of a ballot measure to amend Measure C in relation to this type of downtown project.

Mayor Kennedy opened the public comment.

Ralph Lyle, speaking as a citizen and not as a Planning Commissioner, stated his objection to the use of the word “advance” of allotments because it goes against the RDCS measures adopted in the past. He prefers the term “set aside” instead. He also stated that if the decision is made to try for a ballot measure, that there would be plenty of time to allocate at that time, but does not feel it is a good idea to do this now. If the initiative passes, nothing is lost because those projects can be started in 2008-09. He stated that he feels these allotments should be kept at a level that allows the rest of the community to receive a fair allotment. He also stated an objection to giving an allocation to all projects that receive a passing score. He volunteered to serve on any committee formed to work on a ballot measure.

Gary Walton stated that the downtown density needs to be increased to contribute to the viability of the downtown and the tax base. This type of development does not require any added costs for streets, sewer or police and fire, and this makes it very smart growth. The 300 units proposed are still not

enough density for downtown, though it is a good start. Smart growth like this should be rewarded, and the current growth control is not working in the downtown area. He stated his support for putting something on the ballot to take care of this issue.

Maureen Upton questioned if all these units are approved and completed, whether they can be absorbed without creating a glut of vacant units. She suggested it would be better to give only the best projects an allocation and see what happens after they are built. It would be better to contain construction areas to prevent all of downtown being disrupted. She also stated that the withdrawal of these allotments would hurt development in other areas of the city which could cause a financial crisis. She feels it would be better to use a ballot measure to set up an allocation for the downtown area so that allocations to other parts of the city are not hurt.

Rocke Garcia stated his support for this proposal because he feels it will be rewarding for the downtown and the entire city. This is the first competition that has addressed the downtown area, and it has been a very difficult process for both developers and staff. He noted that most of the downtown projects will have a mix of only 1, 2, and 3 bedroom units; whereas, outside of downtown area most are large homes.

Dan Ehrler of the Chamber of Commerce supports vitality and economic development in the downtown area where people want to live and shop. He is most specifically concerned with competition outside of the downtown. He reported that Gilroy is including similar types of housing opportunities in their plans, and to wait too long to get something in process in Morgan Hill will be counterproductive to Morgan Hill's interests. The earlier, the better for bringing housing to the downtown area.

Dan Craig stated his support of the smart growth model of building in downtown, and feels that there is a clear understanding of the type of housing units needed in the downtown. This is the national model for central business districts, taps into the existing infrastructure, and does not eliminate open space. This type of construction also provides opportunities for entry level buyers, single or retired people who don't want a yard or house to maintain and who want to live where they can walk to shop or eat. The Downtown Association wants to advance as many housing units in the downtown as they can, and do not believe that they will remain vacant. He stated that the Greenbelt Alliance supports this type of infill development, and would support a ballot measure to exempt the downtown from Measure C restrictions. He asked that the Committee consider this as they deliberate this issue.

No further comments being offered, the public comment was closed.

Council Member Tate asked Interim City Attorney Siegel if the use of the word "advance" is allowed under the terms of Measure C.

Interim City Attorney Siegel responded that the intent is allowed, and that the term "set aside" could be used instead of the word "advance". Though the word "advance" may not be the best word choice, the underlying issue of bringing forward allocations originally set for 2009-10 is acceptable.

Council Member Sellers stated his agreement with most of the speakers this evening. He agrees that it is not fair to stop in the middle of a process where people are already involved, and stated that existing

projects that are already partially developed need to be able to complete their developments. He also agrees that there are good reasons for allowing development in downtown to move forward as quickly as possible. Such issues as no infrastructure costs, creation of infill, and the positive impact this would have on development of a thriving commercial district. He wants to front load residential development all at once in order to sustain the enthusiasm, and complete these projects quickly to prevent construction in downtown dragging on for years because of the negative impact that would have on the downtown. The Council has been committed to revitalization of the downtown, and we need to be ready for when the courthouse is completed. This recommendation might be a way to accomplish this without the need to amend Measure C.

He believes that a ballot measure is the right thing to do, and appreciates the opportunity for the subcommittee to study and make recommendations for the Council to consider. He is confident that the voters would not want to support sprawl, and would want to develop the downtown. He stated his preference is to adopt the staff recommended actions.

Mayor Kennedy agreed, but asked that the word “advance” be change to “set aside” in the staff recommendation. He agreed with Mr. Lyle that the awarding of “all passing projects” removes flexibility, and would prefer not to say “all passing projects”.

Interim City Attorney Siegel reminded the Council that in the staff recommendation, the allocations can only be awarded if the Planning Commission makes specific findings as to the phasing necessity to bring allocations forward to finish the project. The wording gives the Planning Commission the flexibility to determine if that is needed on a project by project basis.

Council Member Carr asked for direction on how to instruct the Planning Commission to consider projects that have the ability to get started early and complete the project to avoid awarding allocations to projects that do not get started when they want them to.

Mr. Siegel responded that the Planning Commission will determine if they are going to use the allocations, and if not, then there is no need to advance the allocation.

Ms. Molloy-Previsich stated that a more accurate term would be “allocating” rather than “advancing” from the 3rd year allotment. She also said that these types of project need to know that they are going to get their allocations before they can get their funding. The Planning Commission will need to interview and determine each on a case by case basis. It might also be feasible to require a completion date or put a cap on the allotments to be awarded, but at this time it is difficult to know since they are at the beginning.

Council Member Tate stated that the Council wants to get the downtown to a critical mass and we need to figure out how to do that. Measure C was designed to provide a predictable rate of growth, but now we are saying that we want to make downtown happen right away. He agreed with Council Member Carr that developers need to be committed to finishing their projects in a timely manner, starting early and going all the way to the end rather than waiting to see if other projects are successful before they finish theirs. Measure C has built in controls that allow taking away of allocations if a project does not

get built, and we need to emphasize that strongly. He is reticent to say “advance”, but if it can create the needed critical mass in downtown, then that is something we can make happen.

Council Member Carr stated that though we have controls, they have not often been enforced. He wants the Planning Commission to explore all those issues with the developers so it is known from the beginning if there are likely to be delays, and we can give support to those who will not have delays. He believes the early start is the key, but the completion date is what is really critical to avoid having downtown areas under construction for years on end. We need to make sure the construction times are concentrated and shortened.

Mayor Kennedy asked if there is a way to preserve enough units for ongoing projects. Is there a way to add language while we are looking at the process of amending Measure C to allow us to set aside 108 allocations so that should Measure C not be amended, we can come back and make those allocations at that time.

Council Member Sellers stated that the Planning Commission does have flexibility as stated in the staff recommendation. As a member of the Subcommittee, he feels that this should be included in their considerations. This is crucial for those who have projects underway and lets everyone know the consequences.

Mayor Kennedy reopened the public hearing for rebuttal.

Mr. Lyle stated he wanted to respond to the comments made by Council. He would like to see a way to help projects get started earlier in the year. We need to find some way to get a commitment that they will start early in that year. Giving someone who is able to commit to this an advantage provides an incentive for an early start. There needs to be some teeth in the enforcement.

Dick Oliver asked the Council not to forget ongoing projects like Mission Ranch. Please allow developers an opportunity to plan. There has been discussion of postponing the competition of October 2006 to the next year and using those 11 units in the downtown. He has no objection to postponement, but developers need to know now so they can know whether to plan for competition in October 2006 or not.

Mayor Kennedy closed the rebuttal.

Council Member Sellers made a motion to approve the staff recommended actions, with the amendment of changing the word “advance” to “allocate”.

Mayor Kennedy stated his support of the motion, with the understanding that there is to be flexibility in adjusting the allocations as needed, and that not all 193 allocations have to be awarded.

Council Member Carr seconded the motion, with the added amendment of having the Planning Commission look at incentives to start projects as early as possible and to put teeth into the enforcement of this.

Mr. Siegel noted that Mr. Oliver's concern was addressed in the first part of the recommendation under the 3 Micro, 4 Small, and 11 Open Market projects.

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council unanimously (5-0) **Determined** that it is necessary to Shift 18 Available Allocations Under 2008/09 (3 Micro, 4 Small Project, And 11 Open Market) to either the 2007/08 or 2008/09 Downtown Open Market Competition; and to Allocate Additional Allocations From 2009/10 in order to Allow for Completion of Projects that Receive Passing Scores in the Affordable, Small Vertical Mixed Use, and Affordable Competitions; and **Directed** the Planning Commission to Consider the Following as Available for Allocation from 2009/10:*

- a) **AFFORDABLE:** Allocate up to 34 Allocations from 2009/10, to Either 2007/08 or 2008/09 as needed to Complete the Affordable Housing Projects Which Attain a Passing Score.*
- b) **SMALL VERTICAL MIXED USE:** Allocate up to 4 Allocations from 2009/10, to Either 2007/08 or 2008/09 as needed to Complete the Vertical Mixed Use Projects Which Attain a Passing Score.*
- c) **DOWNTOWN OPEN MARKET:** Allocate from 108 to 193 Allocations from 2009/10, to Either 2007/08 or 2008/09 as needed to Complete the Downtown Projects Which Attain a Passing Score; with the understanding that the Planning Commission has the flexibility to determine that not all 193 allocations must be awarded, but only as needed.*

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council unanimously (5-0) **Directed** The Planning Commission, if it makes these Allocations, to Make Specific Findings for Each Project Regarding the Infeasibility of Phasing and Necessity to make the Allocations in Order to Feasibly Complete Projects.*

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council unanimously (5-0) **Directed** The Community and Economic Development Council Subcommittee to Return to the City Council by March 1, 2006 with Information and a Recommendation Regarding a Possible Ballot Measure to Modify Measure C Provisions Applicable to Downtown and Vertical Mixed Use Projects, to Allow for These Types of Projects to be Initiated and Completed on an Expedited Basis, and to Allow for "Restoration" of any Allocations for these Competitions to be Restored as Available for Allocation for 2009/10.*

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council unanimously (5-0) **Directed** the Planning Commission to look at incentives to start projects as early as possible with strong consequences to provide a means of enforcement.*

17. CITY OF SAN JOSE'S NOTICE OF PREPARATION OF AN ENVIRONMENTAL IMPACT REPORT (EIR) FOR THE MONTEREY HIGHWAY SOCCER COMPLEX

Special Assistant to the City Manager Spier presented the staff report as provided in the agenda packet, noting that this complex is proposed on the same site as the previously proposed Sobrato Soccer Complex that the non-profit San Jose group had been working on before they decided to withdraw from that project. She also noted that the deadline for submitting our comments to San Jose is tomorrow. The possible actions are: Forward comments to City of San Jose, or Not comment. In addition, staff is recommending that a Sub-committee be given the assignment to monitor the development of this project. If the decision is made to send no comments at this time, there will be another opportunity to comment when the EIR is presented. City of San Jose would like to hear if there are issues that they need to take a look at.

Mayor Kennedy opened the public comment.

No comments being offered, the public comment was closed.

Council Member Sellers thanked the staff for bringing this to the attention of the City Council. He noted that this project appears to be designed to minimize the value of the complex to Morgan Hill and to maximize the prospects that it would only be used by the citizens of San Jose. He stated that he feels it is imperative that we look at the front end, and point out to San Jose that they should expand the scope of the EIR so that it does allow for the review of 16 fields, even though it may end up as a project of only 8 fields. At this point, we don't know that will be the case, and he stated his concern that San Jose will use this as an excuse to say it would have been nice to have 16 fields, but we only studied 8.

Council Member Sellers made the motion that we send comments to San Jose, and assign the Public Safety and Community Services Committee study this as a recreation project.

Council Member Tate seconded with a question as to whether there is a center driveway in the plan.

Ms. Spier stated that all she is able to do at this time is refer to the previous project, which did not have a center driveway. There may be one, but we would have to ask them.

City Manager Tewes noted that there is a current fire road that has previously been used as a construction access road, and though it is not shown clearly, they may be planning to use it to provide access to the site off Monterey Road.

Ms. Spier stated she would add that question to the list.

Mayor Kennedy suggested an amendment to the motion, to make a stronger statement by changing the staff recommended statements into action statements by adding language that makes the message we want to convey stronger. For example, "The City of Morgan Hill strongly recommends that the City of San Jose consider alternative programming that would allow tournament play for 16 fields."

Council Member Sellers stated that he would prefer to have the Subcommittee define the comments, but since they are due tomorrow time will not allow this, so he would appreciate it if all the Council would provide input. He stated he concurs that they need to be given strong statements that leave very little wiggle room.

Council Member Tate stated that he felt we could just give staff that direction.

Council Member Carr reminded that this is just the Notice of Preparation and not the EIR. When the EIR comes out we can provide strong language. We just want to make sure they are examining the full scope of things we think they should examine, such as 16 fields rather than 8 and how schools will be affected. He feels the list of 5 staff provided is fine, and when we want to insert more policy then comments on the draft EIR is a good place to do that.

Mayor Kennedy stated that we want to make sure that the EIR does not limit what can happen on the site. The EIR needs to evaluate whatever will have the most potential impacts.

Council Member Grzan asked why they are building this soccer field so far from the majority of their residents, creating a situation where their citizens will have to travel quite a distance to make use of it.

Mayor Kennedy reported that in a discussion with San Jose Council Member Forrest Williams, he was told that they were not able to move forward with the project closer to San Jose, and have decided to move forward with this project on the south end of his district.

Council Member Sellers noted that this could be a positive for Morgan Hill in that it will bring people into the area. He also stated that hopefully it will come out in the EIR that this is adjacent to one of our high schools, and should be incorporated more than it is, and hopefully they will do a better job of negotiating to meet a broader community need.

Council Member Grzan stated his concern that since it is near the high school that the children that come for soccer will filter into the high school grounds to practice, and the school will be impacted by this. Also there will probably be some parking impacts as well.

Mayor Kennedy noted that we have a motion on the floor asking staff to forward comments to the City of San Jose with the appropriate wording as recommended.

Action: *On a motion by Council Member Sellers and seconded by Council Member Tate, the City Council unanimously (5-0) **Directed** Staff to Forward Comments to the City of San Jose appropriately worded to incorporate the comments made by the Council members.*

Action: *On a motion by Council Member Sellers and seconded by Council Member Tate, the City Council unanimously (5-0) **Assigned** the Public Safety and Community Services Committee the Responsibility for Monitoring this Project.*

Council Member Sellers asked that staff give the Council as much advance notice as possible when the EIR is to be approved so they can weigh in with the San Jose Council Members. He particularly wants the Subcommittee to be kept informed.

Ms. Molloy-Previsich stated that she will keep the Council and the members of the Public Safety and Community Services Committee apprised of the various stages of the process for the EIR.

18. SELECTION OF CITY COUNCIL MAYOR PRO TEMPORE AND REDEVELOPMENT AGENCY VICE-CHAIR (Continued from 11/30/05)

Mayor Kennedy noted that the policy as contained in the staff report favors any Council Member who has not yet served as Mayor Pro Tempore. He noted that Council Member Grzan has not yet served in this position, and has been on the Council now for one full year. Therefore, he proposes to nominate Council Member Grzan.

Council Member Grzan responded that he is honored by the nomination, and appreciates the light load the other Council Members have graciously allowed him to carry for the last year. His work situation has made it difficult for him to put in as much time as he would have liked, but now that situation is being resolved and he feels confident that, should he be selected to serve as Mayor Pro Tempore, he is prepared to take on this responsibility and will be able to provide the necessary time and effort to serve the residents and the members of this Council the best that he possibly can.

Mayor Kennedy asked if there were any other nominations.

Council Member Tate stated his intent to nominate Council Member Carr, since he and Council Member Grzan were fairly equal in terms of the amount of time that they have not served; and that this would have given Mark another year to learn the ropes. This would provide maximum experience before stepping into the role of Mayor Pro Tempore. If the Mayor feels Mark is ready to take this on, he will support that.

Council Member Sellers commented that he appreciates that this has been a difficult year for Council Member Grzan, and noted that he should be prepared to anticipate the load that he will be taking on, but if he is willing, then he thinks it is his turn.

Council Member Carr stated that he appreciated Council Member Grzan's comments, which showed that he has given some thought to what this position will entail. He noted this will be an important year because of the Community Conversation process, and it will take all the members of the Council as a leadership team to meet the challenges of the coming year. He looks forward to working with his colleagues to move us forward through this year.

Action: *After nomination by Mayor Kennedy, the City Council unanimously (5-0) **Selected** Council/Agency Member Mark Grzan to serve as Mayor Pro Tempore/Vice-Chair per City Council Policy CP 99-01.*

FUTURE COUNCIL-INITIATED AGENDA ITEMS

No items were identified.

ADJOURNMENT

There being no further business, Mayor/Chairman Kennedy adjourned the meeting at 8:45 P.M.

MINUTES RECORDED AND PREPARED BY:

MOIRA MALONE, DEPUTY CITY CLERK/DEPUTY AGENCY SECRETARY



REDEVELOPMENT AGENCY
STAFF REPORT

MEETING DATE: *December 14, 2005*

NOVEMBER 2005 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY: Attached is the monthly Finance and Investment Report of the Redevelopment Agency of the City of Morgan Hill for the month of November 2005. The report covers activity for the first five months of the 2005/2006 fiscal year. A summary of the report is included on the first page for the Board's benefit.

The Redevelopment Agency monthly Finance and Investment Report is presented to the Agency Board and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity of the Redevelopment Agency.

FISCAL IMPACT: As presented.

Agenda Item # 9

Prepared By:

Finance Director

Submitted By:

Executive director

**REDEVELOPMENT AGENCY OF
THE CITY OF MORGAN HILL**

Monthly Financial and Investment Reports

November 30, 2005 – 42% Year Complete



**CITY OF MORGAN HILL
REDEVELOPMENT AGENCY**

Prepared by:

FINANCE DEPARTMENT



REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2005/06
FOR THE MONTH OF NOVEMBER 2005 - 42% OF YEAR COMPLETE

Revenues

Through November 30, the Redevelopment Agency received \$2,291,325 in property tax increment revenues. Most property tax increment revenues are received in December and April. The Redevelopment Agency, as of November 30, 2005, has collected \$100,000,000 in tax increment revenue under the original plan and has collected \$103,058,682, net of pass-through obligations to other agencies, toward the plan amendment cap of \$147,000,000. All tax increment revenues collected during 2005/2006 were collected under the plan amendment.

An amount of \$1,855,338 in interest earnings and other income was received through November. This total included \$650,000 received by the Agency for the sale of the old police facility and included \$658,000 in loan repayments received from Hospira and Johnson Lumber. Certain additional interest earnings for October and November have not yet been apportioned, but will be following the quarter ending December 31.

Expenditures

Total Redevelopment Agency Capital Projects expenditures and encumbrances equaled \$22,046,314 and were 64% of budget. Of this total, \$15,415,482 represented encumbrances for capital projects and other commitments. If the encumbrances were excluded, the RDA would have spent only 19% of the budget. Expenditures for administrative costs for employee services, supplies, and contract services were 41% of budget. Through November, CIP project expenditures totaled \$5,432,119, including approximately \$90,000 on Aquatics improvements, \$410,000 on the Library, \$4,630,000 on the Indoor Recreation Center, and \$290,000 on Tennant Avenue Widening. In addition, the Agency spent \$350,000 moving the Acton House/Museum.

Expenditures plus encumbrances for Housing were at 23% of the budget for a total of \$2,337,729. This included approximately \$200,000 in funding for the Watsonville Road Housing Project. All of the 2005/06 housing related expenditures has been funded with tax increment collected under the plan amendment.

Fund Balance

The unreserved fund balance of negative (\$6,454,852) for the Capital Projects Fund at November 30, 2005, consisted entirely of monies collected under the plan amendment. The unreserved fund balance included future obligations to pay an additional \$1.75 million for the Courthouse Facility and \$1.61 million for the Lomanto property should the Agency agree to execute its option to purchase in accordance with the agreement. If all these future commitments are subtracted from the negative (\$6,454,852), the remaining unreserved fund balance at November 30 would be a negative (\$9,814,852). However, these commitments are expected to be paid out over the next 2 to 3 years. Property tax increment receipts in the near future will provide the resources necessary to carry the Agency through the remainder of this fiscal year. The Capital Projects Fund cash balance at November 30 was \$9,238,042.

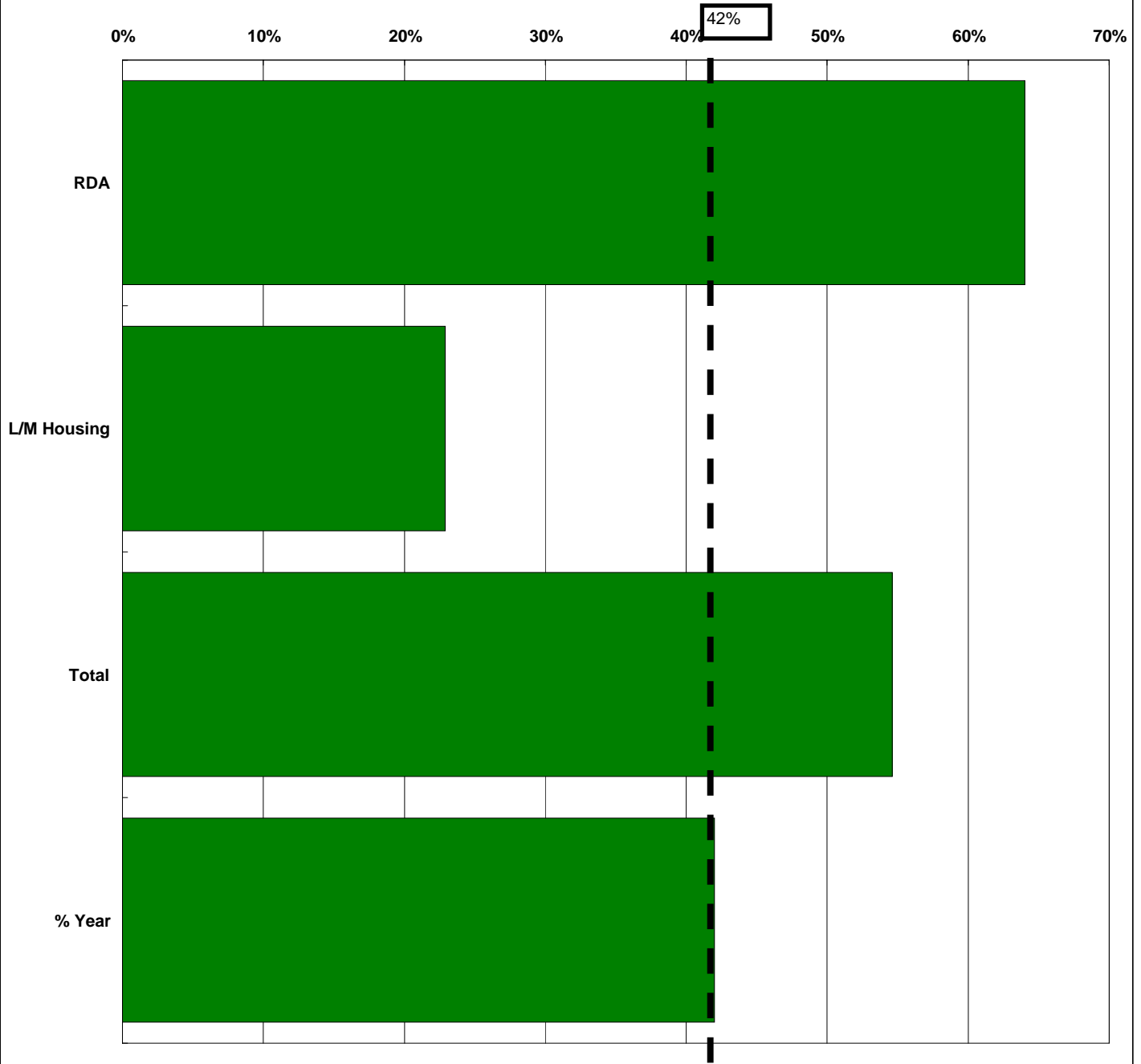
The unreserved fund balance of \$4,755,751 for the Housing Fund at November 30 consisted of funds all collected under the plan amendment.



Redevelopment Agency YTD Expenditures

November 30 , 2005

Percent of Actual to Budget

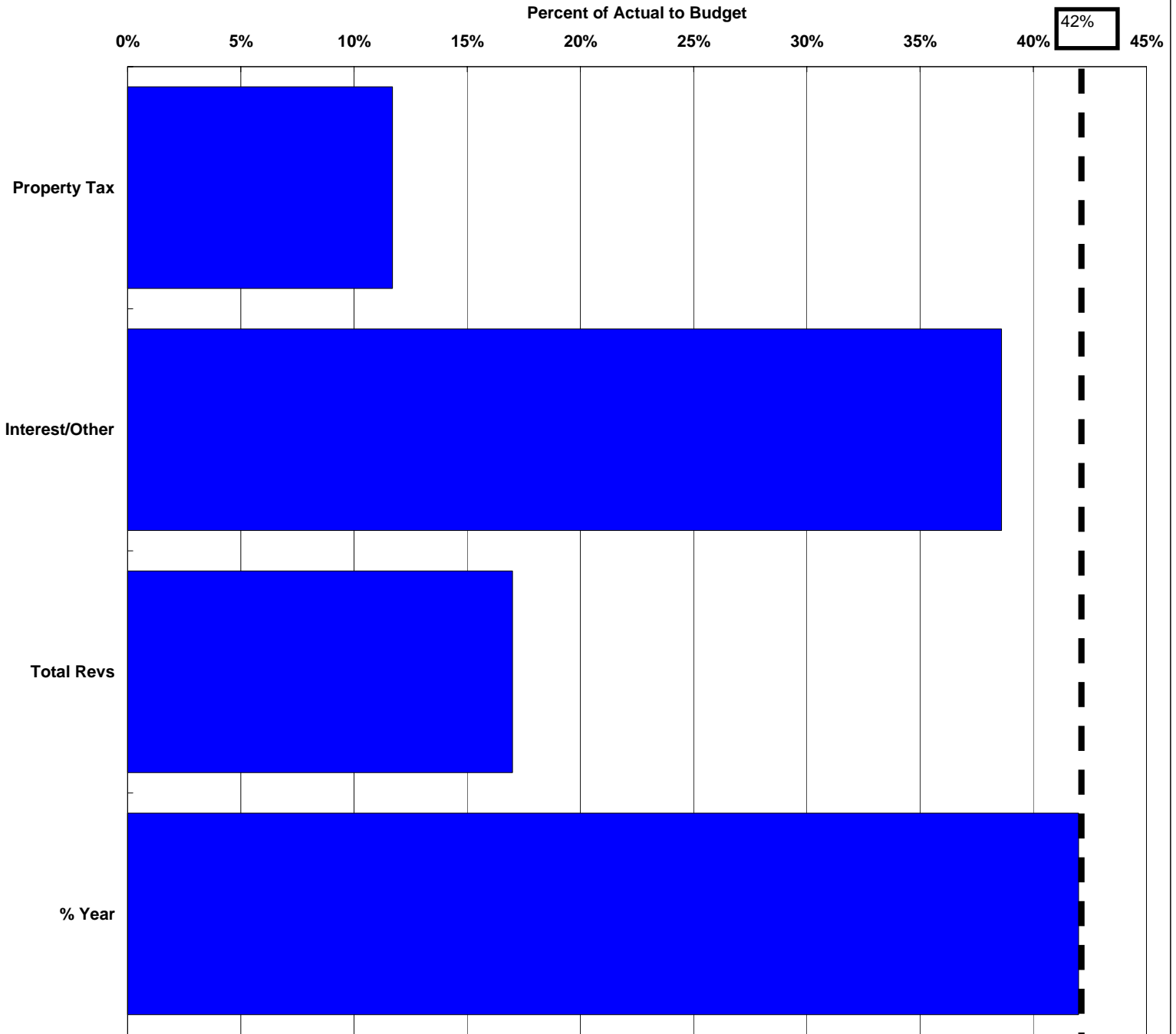


Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
CAPITAL PROJECTS	\$34,437,280	\$22,046,314	64%
HOUSING	10,209,748	2,337,729	23%
TOTALS	\$44,647,028	\$24,384,043	55%



Redevelopment Agency YTD Revenues

November 30, 2005



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY TAXES	\$19,571,636	\$2,291,325	12%	\$2,109,437	9%
INTEREST INCOME/RENTS/OTHER	\$4,808,397	\$1,855,338	39%	\$222,039	736%
TOTALS	\$24,380,033	\$4,146,663	17%	\$2,331,476	78%



Redevelopment Agency
 Fund Balance Report - Fiscal Year 2005/06
 For the Month of November 2005
 42% of Year Complete

Fund No.	Fund	Unaudited Fund Balance 06-30-05	Revenues		Expenditures		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted
317	CAPITAL PROJECTS	\$12,123,779	3,538,732	18%	6,630,832	19%	(3,092,100)	15,486,531	(6,454,852)	\$9,238,042	
327/328	HOUSING	\$6,695,549	607,931	14%	1,927,337	19%	(1,319,406)	620,392	\$4,755,751	\$5,473,539	
TOTAL CAPITAL PROJECT FUNDS		\$18,819,328	4,146,663	17%	8,558,169	19%	(4,411,506)	16,106,923	(1,699,101)	14,711,581	
SUMMARY BY FUND TYPE											
	CAPITAL PROJECTS GROUP	\$18,819,328	4,146,663	17%	8,558,169	19%	(4,411,506)	16,106,923	(1,699,101)	14,711,581	
TOTAL ALL GROUPS		\$18,819,328	4,146,663	17%	8,558,169	19%	(4,411,506)	16,106,923	(1,699,101)	14,711,581	
TOTAL CASH AND INVESTMENTS										14,711,581	

¹ Amount reserved for encumbrances, fixed asset replacement, long-term receivables



Redevelopment Agency
Year to Date Revenues - Fiscal Year 2005/06
For the Month of November 2005
42% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGETED	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCREASE (DECREASE) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
317 CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	15,169,461	15,169,461	1,776,136	12%	1,641,268	134,868	8%
Loan Proceeds	4,500,000	4,500,000	658,715	15%	-	-	n/a
Interest Income, Rents	297,947	297,947	451,209	151%	49,406	401,803	813%
Other Agencies/Current Charges	-	-	652,672	n/a	114,042	538,630	472%
TOTAL CAPITAL PROJECTS	19,967,408	19,967,408	3,538,732	18%	1,804,716	1,734,016	96%
327/328 HOUSING							
Property Taxes & Supplemental Roll	4,402,175	4,402,175	515,189	12%	468,169	47,020	10%
Interest Income, Rent	10,450	10,450	88,042	843%	57,991	30,051	52%
Other	-	-	4,700	na	600	4,100	683%
TOTAL HOUSING	4,412,625	4,412,625	607,931	14%	526,760	81,171	15%
TOTAL CAPITAL PROJECTS FUNDS	24,380,033	24,380,033	4,146,663	17%	2,331,476	1,815,187	78%



Redevelopment Agency
Year to Date Expenditures - Fiscal Year 2005/06
For the Month of November 2005
42% of Year Complete

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENDITURES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENDITURES	OUTSTANDING ENCUMBRANCES	TOTAL ALLOCATED	% OF TOTAL TO BUDGET
317 CAPITAL PROJECTS								
	BAHS Administration	132,442	1,576,311	1,638,740	617,306	55,543	672,849	41%
	BAHS Economic Development	42,935	3,993,900	4,135,252	581,407	341,377	922,784	22%
	BAHS CIP	<u>1,463,847</u>	<u>22,709,000</u>	<u>28,663,288</u>	<u>5,432,119</u>	<u>15,018,562</u>	<u>20,450,681</u>	<u>71%</u>
	TOTAL CAPITAL PROJECTS	<u>1,639,224</u>	<u>28,279,211</u>	<u>34,437,280</u>	<u>6,630,832</u>	<u>15,415,482</u>	<u>22,046,314</u>	<u>64%</u>
327 AND 328 HOUSING								
	Housing	<u>290,625</u>	<u>10,191,842</u>	<u>10,209,748</u>	<u>1,927,337</u>	<u>410,392</u>	<u>2,337,729</u>	<u>23%</u>
	TOTAL HOUSING	<u>290,625</u>	<u>10,191,842</u>	<u>10,209,748</u>	<u>1,927,337</u>	<u>410,392</u>	<u>2,337,729</u>	<u>23%</u>
	TOTAL CAPITAL PROJECT FUND	1,929,849	38,471,053	44,647,028	8,558,169	15,825,874	24,384,043	55%



Redevelopment Agency of the City of Morgan Hill
Balance Sheet Report - Fiscal Year 2005/06
For the Month of November 2005
42% of Year Complete

	CAPITAL PROJECTS (Fund 317)	Housing (Fund 327/328)
ASSETS		
Cash and investments:		
Unrestricted	9,238,042	5,473,539
Accounts Receivable	28,703	
Loans Receivable ¹	4,288,025	31,508,214
Advance to Other Funds		
Fixed Assets ²	71,049	210,000
Other Assets		
Total Assets	13,625,819	37,191,753
LIABILITIES		
Accounts Payable and Accrued Liabilities	292,826	97,823
Deferred Revenue ³	4,301,313	31,717,787
Accrued Vacation and Comp Time		
Total liabilities	4,594,139	31,815,610
FUND BALANCE		
Fund Balance		
Reserved for:		
Encumbrances	15,415,482	410,392
Advance to Other Funds		
Properties Held for Resale	71,049	210,000
Loans and Notes Receivable		
Total Reserved Fund balance	15,486,531	620,392
Unreserved Fund Balance	(6,454,851)	4,755,751
Total Fund Balance	9,031,680	5,376,143
Total Liabilities and Fund Balance	13,625,819	37,191,753

¹ Includes Housing Rehab loans and loans for several housing and Agency projects.

² Includes RDA properties held for resale.

³ Includes the deferred payment portion of the loans noted above.



REDEVELOPMENT AGENCY

MEETING DATE: *December 14, 2005*

Agenda Item # 10

Prepared By:

BAHS Analyst

Approved By:

BAHS Director

Submitted By:

Executive Director

ROYAL COURT FOR-SALE HOUSING - MODIFY LOAN TERMS TO PROVIDE GREATER AFFORDABILITY

RECOMMENDED ACTION(S): Authorize the Executive Director to execute, and modify as appropriate, subject to legal counsel review, the attached loan documents allowing \$1 million of the existing Redevelopment Agency loan amount to be used for 45-year resale restrictions for nine for-sale homes.

EXECUTIVE SUMMARY: In May, 2003, the Agency approved a \$3.75 million loan to South County Housing Corporation (SCH) to acquire approximately 4.74 acres north of Wright Avenue, between Monterey Road and Del Monte Avenue, and to develop it into a mixed ownership/rental housing project. The project consists of 12 ownership homes. Nine of the homes are affordable, while three are market rate. The project also includes 55 affordable apartments.

In April 2005, the Agency approved a low-interest, short-term loan increase of \$1.9 million for the project (\$5.65 million total), in response to construction delays and resulting cost increases. Subsequently, SCH allocated the total loan amount between the two phases of the project: \$1.3 million to the for-sale housing, and \$4.35 to the apartment project.

The current request from SCH pertains only to the for-sale component of the project. The original owner-purchase mortgage concept envisioned a silent-second mortgage and equity sharing with the Agency. SCH has had difficulty in structuring a program acceptable to prospective buyers. By eliminating the Agency second mortgage, SCH has a financially more attractive, simpler transaction to offer potential homebuyers. Specifically, the sales prices for the units are lower which enables buyers to qualify for the highly desirable CalFHA financing; the lower property taxes make it easier for homebuyers to qualify for larger conventional loans, and the homes will be affordable to a greater number of buyers.

To make the homes more marketable, SCH is requesting that the \$1 million, originally allocated to fund the second mortgages, remain in the project in the form of resale restrictions as opposed to loans. The units would remain affordable for a minimum of 45-years; be resold to subsequent BMR/income qualifying buyers, or the Agency would exercise an option to purchase at the restricted price. Even under the Agency's second mortgage program, we envisioned that subsequent buyers would assume the Agency's loans, thus recycling the funds.

FISCAL IMPACT: Funds have already been allocated to the project.

Attachment



REDEVELOPMENT AGENCY STAFF REPORT

MEETING DATE: December 14, 2005

LOAN PAYOFF FROM ANRITSU

Agenda Item # 11
Approved By: BAHS Director
Submitted By: Executive Director

RECOMMENDED ACTION(S): Authorize the Executive Director to do everything necessary and appropriate to accept \$57,519.31 as the payoff for the total outstanding principal (\$44,162.75) and interest (\$13,356.56) for the loan to Anritsu Company.

EXECUTIVE SUMMARY: In May 1997, the Agency approved a Redevelopment Agreement (Agreement) with Anritsu to expand their operations in Morgan Hill. In 1999, the Agency amended the Agreement to extend the performance deadlines set forth in the Agreement and to allow for a pro-ration of the Traffic Impact Fee loan to Anritsu for constructing less than 125,000 sq. ft. Attached is a summary of the key deal points.

Per the Agreement, the Agency loaned Anritsu \$100,664 to pay for Traffic Impact Fees for their expansion project, at a 7% simple interest rate per annum. Based on the actual building size and the number of new employees hired, the Agency agreed to forgive between \$76,250 and \$140,300 of the loan. The minimum threshold to forgive a portion of the loan was 125,000 sq. ft. of new buildings and 275 new employees. If Anritsu met the minimum performance thresholds, the Agency would have forgiven \$76,250 of the loan (see Table A from the Agreement).

Although the construction of this project has not occurred as originally anticipated, Anritsu has constructed over 74% (92,640 square feet) of the minimum required square footage and, over the last five years, Anritsu's reached a peak total of over 1000 employees (baseline of 616 full-time employees), far exceeding the minimum 275 new jobs required. In addition, Anritsu remains one of the City's largest employers and has become one of the City's highest sales tax generators.

In Fall 2004, Anritsu approached the Agency about forgiving a portion of the outstanding loan. Staff has considered their request and is recommending that since Anritsu met the minimum job requirements and constructed 74.1% of the minimum required square footage, 74.1% of the \$76,250 or \$56,501.25 should be forgiven in principal repayments plus the associated interest (estimated at \$16,800). As a result, Anritsu would owe the Agency \$57,519.31 in total principal and interest repayments. While the loan was initially due in October 2004, we are not recommending Anritsu pay any additional interest beyond October 2004. The Agency and Anritsu have been in discussions since October 2004 to negotiate the repayment of the loan. During that time frame, both Anritsu and the City "dropped the ball" and only recently agreed to a resolution that is fair and reasonable to both parties. Staff has previously discussed this "forgiveness" concept with the Council's Community and Economic Development Committee (C&ED), but the final resolution was not brought back to the C&ED for consideration due to timing between the C&ED meeting and Agency meeting.

FISCAL IMPACT: Anritsu has submitted a check for \$57,519.31 for the loan repayment, contingent on the Agency's acceptance of the staff recommendation. While a strict interpretation of the Agreement would result in a repayment to the Agency of over \$130,000 in principal and interest, it would not reflect the benefits of Anritsu's expansion nor their status as one of the largest employers in town. If we were to calculate the direct and indirect sales tax revenue generated by Anritsu's expansion it would exceed the amount of the loan forgiven.

ANRITSU DEAL

Summarized December 2005

Redevelopment Agreement (Original)

May 28, 1997

- Loan for Traffic Impact Fees - amount based on size of building(s) to be constructed
- 7% simple interest
- Due 5 years after closing (5 years from October 1, 1999 = October 1, 2004)
- Must construct at least 125,000 sf, and commence construction by 12/31/1999
- Must hire minimum of 275 new employees
- Grant for Traffic Study - \$4,810

Redevelopment Agreement (Amended)

August 31, 1999

- Extends performance dates
- Allows for pro-ration of traffic impact fee loan advance for constructing less than 125,000 sf
- Needs to construct 125,000 sf and at least an additional 32,360 sf by December 31, 2000

Current Status

- Anritsu actually constructed 92,640 sf, hired over 275 employees and received an Agency loan for \$100,664 (actual traffic impact fees)
- The loan was due and payable on October 1, 2004
- Had Anritsu both hired 275 employees and constructed at least 125,000, they would have been eligible for the Agency to forgive \$76,250 of the \$100,664; Anritsu would have been responsible to repay \$24,414 with interest

City Agreement

- Freeze all City impact fees until December 31, 1999
- Sewer Fee Deferral Program - \$68,936 for Sewer Impact Fees (repaid)

(c) Redeveloper shall provide to the Agency, within 30 days after the Evaluation Date, such written evidence and supporting documentation as the Agency shall reasonably require to determine compliance with the employment standards and conditions at the Property set forth herein, and the Agency shall have the right to verify such evidence. The Agency shall accept as adequate written evidence copies of reports filed with the State of California Employment Development Department. The Agency shall keep such information confidential, except in legal proceedings to enforce performance of any obligation hereunder or where disclosure is required by law, including, but not limited to, financial reporting and disclosure requirements, the Public Records Act, and the Brown Act.

Table A		
New Building Square Footage	Minimum New Additional Full Time Employees	Loan Amount Forgiven
at least 125,000 s.f.	275	\$ 76,250.00
between 125,001 and 150,000 s.f.	310	the lesser of (a) \$91,500.00 or (b) \$0.61 times the number of square feet constructed
between 150,001 and 175,000 s.f.	345	the lesser of (a) \$106,750.00 or (b) \$0.61 times the number of square feet constructed
between 175,001 and 200,000 s.f.	380	the lesser of (a) \$122,000.00 or (b) \$0.61 times the number of square feet constructed
between 200,001 s.f. and 230,000	415	the lesser of (a) \$140,300.00 or (b) \$0.61 times the number of square feet constructed

7. Redeveloper acknowledges that the identity and experience of Redeveloper is of particular concern to the Agency, and it is because of Redeveloper's identity that the Agency has entered into this Agreement with Redeveloper. Therefore, Redeveloper shall not voluntarily or involuntarily assign or transfer this Agreement or any right hereunder, and any such transfer or assignment shall not be binding upon or in any way affect the Agency without the Agency's prior written consent. Moreover, upon any sale, transfer, or conveyance of all or any part of the Property, then, at the Agency's option, the Agency may declare the outstanding balance of Loan immediately due and payable in full. Notwithstanding the foregoing, Redeveloper may (i) assign this Agreement to an entity within the Anritsu Control Group provided such entity executes an assignment and assumption agreement on terms acceptable to the Agency, in which such assignee assumes, with



CITY COUNCIL STAFF REPORT

MEETING DATE: *December 14, 2005*

DEVELOPMENT AGREEMENT AMENDMENT, DAA-04-03: DEWITT- LATALA

RECOMMENDED ACTION(S):

1. Open/close Public Hearing
2. Waive the First and Second Reading of Ordinance
3. Introduce Ordinance

EXECUTIVE SUMMARY:

In the 2003 Micro Measure P competition, the applicant, Andrew Latala, was awarded three residential building allocations for Fiscal Year 2005-2006. The complete project will be four units; the applicant received credit for an existing unit. A tentative parcel map has been approved administratively and the final map is currently being processed through Public Works. The project has also received site and architectural approval and building plan check approval through the Building Division.

The applicant also received approval of a Residential Development Agreement. Development Agreements are required as a formal contract between the developer and the City. The Development Agreement formalizes the commitments made during the Measure P/C process and establishes the development schedule for the project. The project specific commitments are identified in Paragraph 14 of the Development Agreement, and the development schedule is contained in Exhibit B.

The applicant is requesting an amendment to Exhibit B, to extend the time limit for obtaining building permits from June 30, 2005 to March 31, 2006. The extension is being requested because the applicant is not able to fulfill the insurance requirements for the subdivision and off-site improvements at this time. The subdivision improvements for this project are being completed in cooperation with a neighboring development to the south (Marrad Development). After the subdivision improvements are completed and accepted by the City, building permits can be issued. The subdivision improvements are expected to be completed in the next two to three weeks.

On November 29, the Planning Commission considered the request and voted 6-0 (Davenport absent) to recommend approval of the Development Agreement Amendment request as recommended by staff. A copy of the Commission's November 29 draft minutes and staff report are attached for the Council's reference.

FISCAL IMPACT

No budget adjustment required.

Agenda Item # 12

Prepared By:

Planning Manager

Approved By:

**Community
Development Director**

Submitted By:

City Manager

ORDINANCE NO. , NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1699 NEW SERIES, AMENDING THE DEVELOPMENT AGREEMENT FOR APPLICATION DA-04-03: DEWITT-LATALA. (APN 773-08-012)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. The Planning Commission, pursuant to Title 18, Chapter 18.78.125 of the Municipal Code and Resolution No. 04-038, adopted April 13, 2004, has awarded allotments to a certain project herein after described as follows:

<u>Project</u>	<u>Total Dwelling Units</u>
MMP-03-06: DeWitt-Latala	4 Single-Family Homes

SECTION 4. References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill. These documents to be signed by the City of Morgan Hill and the property owner set forth in detail and development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to is amended by this ordinance and shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

SECTION 5. The City Council hereby finds that the development agreement amendment approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 6. Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

SECTION 7. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 8. Effective Date Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

SECTION 9. MODIFICATION TO DEVELOPMENT SCHEDULE. The Council hereby approves an amendment to the development schedule as attached in Exhibit B, and by this reference incorporated herein.

The foregoing ordinance was introduced at the special meeting of the City Council of the City of Morgan Hill held on the 14th Day of December 2005, and was finally adopted at a regular meeting of said Council on the Day of January 2006, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

ATTEST:

APPROVED:

Irma Torrez, City Clerk

Dennis Kennedy, Mayor

∞ CERTIFICATE OF THE CITY CLERK ∞

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. _____, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the Day of January 2006.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk

EXHIBIT "B"

REVISED

DEVELOPMENT SCHEDULE MMP-03-06: DeWitt-Latala FY 2005-2006(4 units)

I. SUBDIVISION	
Application Filed:	May 1, 2004
II. SITE REVIEW APPLICATION	
Application Filed:	November 1, 2004
III. FINAL MAP SUBMITTAL	
Map, Improvements Agreement and Bonds:	February 1, 2005
IV. BUILDING PERMIT SUBMITTAL	
Submit plans to Building Division for plan check:	March 31, 2005
V. BUILDING PERMITS	
Obtain Building Permits	June 30, 2005 March 31, 2006
Commence Construction:	June 30, 2006

Failure to obtain building permits and commence construction by the dates listed above, shall result in the loss of building allocations. Submitting a Final Map Application or a Building Permit six (6) or more months beyond the filing dates listed above shall result in the applicant being charged a processing fee equal to double the building permit plan check fee and/or double the map checking fee to recoup the additional costs incurred in processing the applications within the required time limits. Additionally, failure to meet the Final Map Submittal and Building Permit Submittal deadlines listed above may result in loss of building allocations. In such event, the property owner must re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

An exception to the loss of allocation may be granted by the City Council if the cause for the lack of commencement was the City's failure to grant a building permit for the project due to an emergency situation as defined in Section 18.78.140 or extended delays in environmental reviews, permit delays not the result of developer inactions, or allocation appeals processing.

If a portion of the project has been completed (physical commencement on at least 2 dwelling units and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allocations for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.



CITY COUNCIL STAFF REPORT

MEETING DATE: *December 14, 2005*

ZONING AMENDMENT, ZA-05-12: MONTEREY – CITY OF MORGAN HILL/MORGAN HILL HOUSE

RECOMMENDED ACTION(S):

1. Open/close (or Reconvene/close) Public Hearing
2. Waive the First and Second Reading of Ordinance
3. Introduce Ordinance

EXECUTIVE SUMMARY:

On September 27, 2005, the Planning Commission approved a variance from the required front and side yard setbacks to allow for the relocation of the Morgan Hill Historical Museum building to property located at 17860 Monterey Road in the OS, Open Space District. The site in question is also the location of the historic Morgan Hill House. Staff noted in the variance report that the current Open Space zoning is inconsistent with General Plan "Public Facilities" land use designation. To resolve the inconsistency, the Planning Commission added a condition to the variance approval requiring the City to amend the zoning on the property within 90 days of the variance approval.

The proposed action is to amend the zoning on 2.37 acres from OS, Open Space to PF, Public Facilities. Both the Morgan Hill house and the Morgan Hill Museum facilities are conditional uses in the PF district. The Planning Commission approved a conditional use permit for the uses on September 1, 2005. No amendment to the CUP is required.

The Planning Commission, at their November 29, 2005 meeting, voted 6-0 with one member (Davenport) absent to recommend adoption of the attached ordinance amending the zoning on the Morgan Hill House property from O-S, Open Space to P-F, Public Facilities. A draft copy of the November 29 Planning Commission minutes is attached as background information.

FISCAL IMPACT:

No budget adjustment required.

Agenda Item # 13

Prepared By:

Planning Manager

Approved By:

**Community
Development Director**

Submitted By:

City Manager

ORDINANCE NO. , NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING THE ZONING DESIGNATION FROM O-S, OPEN SPACE TO P-F, PUBLIC FACILITIES ON 2.37 ACRES LOCATED AT 17860 MONTEREY ROAD. (APN 726-24-020)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

- SECTION 1.** Amending the zoning designation from O-S, Open Space to P-F, and Public Facilities on a 2.37 acre parcel.
- SECTION 2.** There hereby is attached hereto and made a part of this ordinance, a zoning plat entitled “Exhibit A” Map Showing Lands of Morgan Hill Historical Society, being a Part of Ordinance No. , New Series, which gives the boundaries of the described parcels of land.
- SECTION 3.** The proposed zone amendment is categorically exempt under Section 15305 of the State CEQA Guidelines.
- SECTION 4.** The City Council hereby finds that the amendment established by this ordinance as herein described is compatible with the goals, objectives, policies and land use designation of the General Plan of the City of Morgan Hill. The Council further finds that the proposed amendment is required in order to serve the public health, convenience and general welfare as provided by Section 18.62.010 of the Morgan Hill Municipal Code.
- SECTION 5.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.
- SECTION 6.** Effective Date; Publication. This Ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the special meeting of the City Council of the City of Morgan Hill held on the 14th Day of December 2005, and was finally adopted at a regular meeting of said Council on the Day of January 2006, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSTAIN:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:

ATTEST:

APPROVED:

Irma Torrez, City Clerk

Dennis Kennedy, Mayor

∞ CERTIFICATE OF THE CITY CLERK ∞

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. , New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the Day of January 2006.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



Project Site

Lands of the Morgan Hill Historical Society

Zoning Change from Open Space to Public Facilities

Not To Scale



CITY OF MORGAN HILL

Prepared by Community Development Department

EXHIBIT A

ZA-05-12: Monterey-City of Morgan Hill

APN 726-24-020



R:\PLANNING\Maps\Illustrator maps\Vicinity Maps\Zoning Amendment\ZA-05-12 Monterey-City of Morgan Hill Exhibit A.pdf



CITY COUNCIL STAFF REPORT

MEETING DATE: *December 14, 2005*

Agenda Item # 14

Submitted By:

City Attorney

City Manager

OPTIONS FOR PLACING INITIATIVE ON BALLOT TO REMOVE SUPERMARKET RESTRICTION AT COCHRANE PLAZA

RECOMMENDED ACTIONS:

Discuss options for placing initiative on Ballot to remove supermarket restriction at Cochrane Plaza.

EXECUTIVE SUMMARY:

Per the City Council's direction, the City Attorney's Office has researched the timing deadlines and the costs of the City Council placing an initiative on the Ballot to remove the shopping center restriction on Cochrane Plaza. Ordinance 835(B) was approved by the citizens of Morgan Hill in 1987. The Ordinance contains a restriction on the ability to have a supermarket in the center. As the Ordinance was approved by the voters, the only manner in which the Ordinance can be amended is by another vote of the citizens. There are two methods to place the Amendment on the Ballot. The first is for the City Council to place it on the Ballot. The second is for the owner of the center or other citizens to collect signatures from at least ten percent (10%) of the registered voters in Morgan Hill (approximately 1,900 signatures) and have it placed on the Ballot. The next three elections would be a special election in March 2006, the primary on June 6, 2006, and the Gubernatorial/City Council election on November 7, 2006. Regardless of whether the measure is placed on the Ballot by the City Council or by initiative, City is required to pay the Ballot costs. Please note all costs are estimates provided by the County and the actual costs will not be known until after the election.

	March Election	June Election	November Election
Deadline to place on Ballot	Immediately	March 10, 2006	August 11, 2006
Cost (approximate costs of this measure only)	\$262,000	\$49,000	\$49,000

The cost of having this one issue on the Ballot should be the same whether the issue is on the June or November Ballot. However, the City will recognize an overall savings in the cost of the election if there is a second Ordinance on the Ballot. For example, if the Council places a downtown revision to Measure C on the November Ballot, it appears that there would be a total savings of approximately \$5,000. The Council must determine whether it wishes to place the Amendment on the Ballot and, secondly, when it wishes to do so.

Lastly is the issue of CEQA review. Before any item can be placed on the Ballot by the City Council, the City must first conduct CEQA review. The determination of what type of CEQA review cannot be made until the specific Ballot language has been decided upon. It is possible the Ordinance would be exempt or would require a negative declaration or mitigated negative declaration. However, it is always possible that an EIR will need to be performed. On the other hand, if the owner of the center places an initiative on the Ballot, no environmental review will be necessary as citizen initiatives are exempt from environmental review.

The City Attorney's Office and the Planning Department request direction on whether or not staff should begin drafting an amendment to the Ordinance and which election staff should be targeting.

FISCAL IMPACT: From none to \$262,000, depending on the direction given.



CITY COUNCIL STAFF REPORT

MEETING DATE: DECEMBER 14, 2005

CIVIC CENTER PLAZA BENCHES

RECOMMENDED ACTION(S):

Receive and approve recommendation from Library, Culture and Arts Commission on design elements of Civic Center Plaza Benches to be provided at the City Council meeting of December 14, 2005.

EXECUTIVE SUMMARY:

At the October 27th City Council meeting, the Council received a recommendation from the Library Culture and Arts Commission on the design elements of the benches to be located in the Civic Center plaza. The recommendation of art work elements is listed below:

- 1) Functional bench style seating incorporating design elements suggestive of a library, e.g. open books, book stacks and arranged in groupings perhaps with tables that promote communication and socializing.
- 2) Ample plaza lighting for a safe ambience and to continue the themes of communication and socializing.
- 3) Flagpoles of sufficient number to accommodate flags of our sister cities and allow the flying of other banners denoting themes important to our city. These banners and flags may be changed throughout the year and may be produced through contests among our students. It is recommended that the location of the flagpoles avoid cluttering the center of the plaza. Perhaps the eastern plaza area may be suitable.

At the November 30th City Council meeting, representatives from the Sister City Committee requested Council postpone approval of the design elements to be included in the benches until the Sister City Committee and Library, Culture and Arts Commission had the opportunity to meet and discuss this issue. Representatives from the Sister City Committee will attend the December 12th Library, Culture and Arts Commission. The Commission will approve a recommendation on the design elements to be presented at the December 14th City Council meeting.

FISCAL IMPACT:

To be determined based on design and manufacturing costs. Funding for this project is not currently in CIP project budget.

Agenda Item # 15

Prepared By:

Management Analyst

Approved By:

**Interim Recreation &
Community Services
Manager**

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: December 14, 2005

Agenda Item # 16

Prepared By:

Asst. to the City Mgr.

Submitted By:

City Manager

2005-06 HAZARDOUS VEGETATION PROGRAM

RECOMMENDED ACTION

1. **Adopt Resolution** Declaring Weeds and Brush to be a Nuisance and Setting January 11, 2006 as the Date for the Public Hearing Regarding Weed Abatement, and June 7, 2006 as the Date for the Public Hearing Regarding Brush Abatement.

EXECUTIVE SUMMARY:

The City of Morgan Hill has contracted with Santa Clara County for weed and brush abatement services since 1996. Weed and brush abatement services constitute the City's hazardous vegetation program. In the last several years, City and County staff have worked together to streamline program administration and improve communications with Morgan Hill property owners. The Hazardous Vegetation Program is now managed in the County's Department of Agriculture and Resource Management.

As with last year, we have combined the commencement resolution for both the weed and brush abatement programs, and request that you adopt this resolution December 14, 2005. The public hearings for the weed and brush abatement programs cannot be combined, as properties are identified for the weed abatement program in the fall, and for the brush abatement program in the late spring. As you will note, we propose that the weed abatement program hearing take place on January 11, 2006, and that the brush abatement program hearing take place on June 7, 2006.

In addition to the legally required notices sent to property owners by County staff, the City mails letters directly to property owners informing them of the date of the assessment hearing in July. We think this is the most effective means of notifying the affected owners of the hearing. In addition, alerting the owners of the hearing date via a letter prompts many property owners to contact staff with any concerns. This reduces the likelihood that concerns will be presented for the first time at the assessment hearing.

The Hazardous Vegetation Program helps preserve and improve the high quality of life in Morgan Hill. It also meets important safety concerns by reducing potential fire hazards in Morgan Hill.

FISCAL IMPACT:

The Hazardous Vegetation Program is user fee supported. The per-lot assessment includes costs for doing the weed and brush control work plus the overhead cost to administer the program.

RESOLUTION NO. ____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL DECLARING CERTAIN HAZARDOUS VEGETATION GROWING IN THE CITY OF MORGAN HILL TO BE A PUBLIC NUISANCE, DESCRIBING PROPERTIES WHERE SUCH NUISANCE EXISTS; ORDERING ABATEMENT AND SETTING A PUBLIC HEARING THEREON.

WHEREAS, the City Council finds that certain weeds and brush are growing in the City of Morgan Hill upon the various streets, alleys, sidewalks and upon private property, which said weeds and brush bear seeds of a wingy or downy nature, or which may attain such growth as to become, when dry, a fire menace, or which are otherwise noxious and dangerous; and

WHEREAS, the Council further finds and declares that said weeds and brush constitute a public nuisance;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORGAN HILL AS FOLLOWS:

1. That the weeds as described in the above recital do now constitute and will continue to constitute a public nuisance, and it is ordered that this public nuisance be abated in the manner provided by Ordinance No. 222, New Series, Title VIII, Chapter 8.20 of the Morgan Hill Municipal Code.

2. That the nuisance exists upon all streets, alleys, sidewalks, and private property within said City as shown, described and delineated on the several maps of the property in the City, which are recorded in the Office of the County Recorder of the County of Santa Clara, reference in each instance for the description of any particular street, alley or private property being hereby made to the several maps mentioned, and in the event of there being several subdivision maps on which lots are shown, reference is hereby made to the latest subdivision map.

3. That it is ordered that Wednesday, the 11th of January, 2006, at 7:00 p.m., in the Council Chambers of the City Council of the City of Morgan Hill is hereby fixed as the time and place when objections to the proposed destruction of removal of weeds shall be heard and given due consideration.

4. That it is ordered that Wednesday, the 7th of June, 2006, at 7:00 p.m., in the Council Chambers of the City Council of the City of Morgan Hill is hereby fixed as the time and place when objections to the proposed destruction of removal of brush shall be heard and given due consideration.

5. That the City Clerk of the City of Morgan Hill is hereby ordered and directed to cause notice of the adoption of this Resolution and notice of hearing to be given to property owners pursuant to Section 39562.1 of the Government Code.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Special Meeting held on the 14th Day of December, 2005 by the following vote.

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

☞ CERTIFICATION ☞

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. , adopted by the City Council at a Special Meeting held on December 14, 2005.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: *December 14, 2005*

COMMUNITY SPECIAL EVENT FUNDING REQUESTS

RECOMMENDED ACTION(S):

1. **Request** that all special event funding requests be submitted to Council no later than March 31, 2006 for FY 06-07, and this will become an annual requirement for funding requests;
2. **Requests** for April 2006 thru June 30, 2006 will be determined on a case by case basis;
3. **Review** of requests by Council within 30 days of the deadline to provide budget direction to staff; and
4. **Require** downtown events requesting a Friday closure of Monterey Street to follow the specific time approved for all events, with exemptions requiring approval by Council.

Agenda Item # 17

Prepared By:

Special Assistant to the
City Manager

Submitted By:

City Manager

EXECUTIVE SUMMARY:

Council has been approached over the years by organizations coordinating community-wide events that require city services support. This support has typically been billed to the requesting organization with the group then coming before Council asking for funding to cover these expenses. In the recent past, Council has budgeted funds in a Community Promotions fund that may be applied for this purpose and has reviewed these requests on a case by case basis.

The budget for these expenses comes from the General Fund which has been increasingly limited over the past few years and FY05-06 resulted in no funding set aside to support organizer requests. Meanwhile, organization request for event support has increased. Council has indicated that they would favor a more formal process in order to determine their funding supporting level and to provide organizations clearer expectations on city support of their event(s). This may eliminate the individual event requests appearing throughout the budget year.

A second item is the use of the Downtown Corridor for special event locations. The Morgan Hill Downtown Association, Chamber of Commerce and Mushroom Mardi Gras have provided information they request be incorporated into the Council's Special Event process. Majority of the items provide instructions on how to work cooperatively with the Downtown Merchants and Businesses who may be impacted by the event and street closure and appears to be consensus on the information.

However, one item remains and that is the street closure of Monterey on Friday evenings along the Downtown Corridor. Staff is recommending that a specific time be applied to all groups setting up on downtown Friday evening. According to the attached table, there is a discrepancy as to when the street is closed on Friday. There is also a difference in tolerance level by the downtown merchants as to which organizations face opposition to their downtown closing request time. Staff suggests that the MHDA and Mushroom Mardi Gras organizers continue to work with staff on a closure time that will be applied to all events closing the street on Friday evening.

FISCAL IMPACT: According to the budget document, Community Promotions funding in the amount of \$25,000 is dedicated to the Centennial Activity programming. On October 2005 Council appropriated an additional \$1,065 from the unallocated general fund for the Holiday Light Parade.



Memorandum

Date: December 7, 2005

To: Ed Tewes, City Manager

From: Julie Spier, Special Assistant to the City Manager

Subject: Council funding allocations for Community Special Events

The staff report noted that in FY 2005-2006 the Community Promotions approved budget was only for Centennial Activities in the amount of \$25,000. As of October 26, 2005 there was approximately \$11,800 remaining.

On October 26, 2005 Council allocated \$1,065 from the unallocated general fund to the Community Promotions fund in co-sponsorship of the Morgan Hill Kiwanis request for funding support of the Holiday Light Parade. The funds were for the special permit fee, police and public works support.

There have been no other funds set aside for community special events for the remainder of the fiscal year.

For the calendar year, the Council minutes of May 4, 2005 reflect the following actions:

Community and Economic Development Subcommittee recommended that the Council continue to fund IDI. Council member Carr stated that there has been an expectation of \$11,000 coming out of the community promotions budget going to IDI. The subcommittee is recommending that the Council continue to fund IDI (for July 2005 activities). In addition to funding, IDI typically requests significant in kind staff support for events that occur over the Fourth of July programmed days. The subcommittee is recommending that these in kind services continue this year (2005) with an expectation that this is the final year that the City absorbs the cost for in kind support.

Regarding the Mushroom Mardi Gras, the subcommittee is recommending a one time contribution of \$5,000 in funding in recognition of moving their program downtown as a result of some of the work taking place at Community Park.

City Council voted to allocate \$11,000 from the Community Promotions budget to IDI. In addition to this cash donation, the City is to provide in kind support; and 2) Allocated \$5,000 to Mushroom Mardi Gras as a one time contribution.



CITY COUNCIL STAFF REPORT

MEETING DATE *December 14, 2005*

Agenda Item # 18

Prepared By:

Therese Lugger
CCC Supervisor

**Rod Cooper, Interim
Manager, Recreation &
Community Services**

Submitted By:

City Manager

COMMUNITY & CULTURAL CENTER & PLAYHOUSE PROPOSED RENTAL RATE INCREASES

RECOMMENDED ACTION(S):

Direct staff to implement the proposed rental rate increases effective 1/1/06 as outlined in this report.

EXECUTIVE SUMMARY:

The Community and Cultural Center staff continues to adjust and apply measures that will increase our success in attaining maximum cost recovery and customer service satisfaction. In order to attain these goals, staff recommends an increase in room rental rates and proposes four new rental rates. There has not been an overall increase in rental rates since September 2002. Increases are proposed in the following areas:

Morgan Hill Community & Cultural Center

1. Propose to simplify the four different rate categories into one standard rate keeping the prime time and non-prime time rates (see Attachment 1). The standard rate for the Hiram Morgan Hill Room (HMHR) is proposed to be \$160 per hour prime time with discounts of 15% (\$136ph) for non-profit groups and 5% (\$152ph) for residents.
2. Day use of the entire Center (excluding the Playhouse) is proposed to increase to \$2700 up from \$2500 for non-profit groups.
3. **New** - Propose to charge a rental rate of \$100 per day prime-time and \$50 per day non-prime time for the outdoor Rose Garden with the rental of the HMHR or El Toro Room (ETR) and \$100 per hour prime time and \$50 per hour non-prime time without the rental of the HMHR or ETR.
4. Increase the security deposit to \$500 for the HMHR, ETR and Amphitheater due to the wear and tear on the facility and equipment (see Attachment 1).
5. **New** - Coffee and tea will be available at \$1 per person for meetings in the HMHR and ETR.
6. **New** - An insurance carrying charge of \$25 is proposed if staff does the paperwork to process a Driver's Insurance policy (see Attachment 1).
7. Security Guard costs are expected to increase in January. The security guard hourly rate will increase to \$25 per hour with a 4 hour minimum charge (see Attachment 1).
8. **New** - Equipment rental rate for the LCD projectors is proposed at \$100 per day due to the expense of operating the LCD projector and \$25 per day for the rental of each lattice display stand (see Attachment 1).

Playhouse

9. Playhouse room rental rate will be adjusted upward to be in line with the CCC with a standard rate proposed at \$160 per hour prime time for the full use of the Playhouse and new partial use rates (front curtain forward) at \$135 per hour prime time and a meeting room rate of \$75 per hour prime time (same as the meeting room rate at the CCC) and will include event attendant. The same non-profit and resident discounts offered at the CCC apply at the Playhouse (see Attachment 1).
10. Playhouse security deposit will stay the same for the full facility rental at \$500. A new security deposit of \$350 will be charged for partial use (front curtain forward) and for meeting room purposes a \$100 security deposit will be charged.

The Parks and Recreation Commission reviewed the proposed rate increases and recommends them. Since all but five Saturdays are reserved through the end of next year it will take two years to obtain the full fiscal impact of the estimated increase in revenue.

FISCAL IMPACT: These rate increases would generate an estimated increase in revenue of \$45,900 annually.



CITY COUNCIL STAFF REPORT
MEETING DATE December 14, 2005

**AQUATICS CENTER FALL SEASON ACTIVITY
REPORT**

RECOMMENDED ACTION(S):

Receive Aquatics Center report on Fall Season activities and current estimate for year-end net impact to General Fund.

Agenda Item # 19

Prepared By:

Management Analyst

**Interim Manager,
Recreation &
Community Services**

Submitted By:

City Manager

EXECUTIVE SUMMARY:

In August 2005, staff presented Council with an operating plan for FY05/06 for the Morgan Hill Aquatics Center, which projected revenue of \$1,294,000 with expenditures of \$1,414,000 for a net impact to the General Fund of approximately \$120,000.

Upon the end the summer season, staff re-assessed the revenue and expenditure assumptions outlined in the Operating Plan and developed a new set of month by month projections based on the actual revenue and expenditures from FY04/05 which provides the current estimate for the year-end impact to the General Fund. Staff feels using this methodology will provide a more accurate picture of what can be anticipated for revenue and expenditures throughout the year. This current is estimate is 40% better than last year's actual net impact.

Aquatics Center staff has executed off-season programming as called for in the FY05/06 Operating Plan. Program details and the current estimate for the year-end net impact to the General Fund are presented in Attachment A.

FISCAL IMPACT:

Net Impact on General Fund:

Based on actual revenue and expenditures through October and projections through the end of the fiscal year, the projected net impact to the General Fund is \$247,000.

Attachment A

**Morgan Hill Aquatics Center
Status Report as of October 31, 2005**

Introduction

In August 2005, staff presented Council with an operating plan for FY05/06 for the Morgan Hill Aquatics Center, which projected revenue of \$1,294,000 with expenditures of \$1,414,000 for a net impact to the General Fund of \$120,000.

Upon the end the summer season, staff re-assessed the revenue and expenditure assumptions outlined in the Operating Plan and developed a new set of month by month projections based on the actual revenue and expenditures from FY04/05 which provides the current estimate for the year-end impact to the General Fund. Staff feels using this methodology will provide a more accurate picture of what can be anticipated for revenue and expenditures throughout the year. This current estimate is 40% better than last year's actual net impact.

The table below provides the actual revenue and expenditures for FY04/05 and assumptions for FY05/06 based on the August 2005 Operating Plan and the FY05/06 Current Estimate:

Aquatics Center Analysis	FY04/05 Actual	FY05/06 Projected Adopted August 2005	FY05/06 Current Estimate
Revenue	\$ 1,023,122	\$ 1,294,000	\$ 1,088,000
Expenditures	\$ (1,426,926)	\$ (1,414,000)	\$ (1,335,000)
Aquatics Net Impact	\$ (403,804)	\$ (120,000)	\$ (247,000)

Off Season Activities

The Operating Plan called for water fitness classes, swim lessons, Master's swimming as well as swim team practice to be offered from September through May. Aquatics Center staff began promotion of these activities during the summer season. Program enrollment in September and October met or exceeded required minimums for all activities. In order to maximize revenue generation and increase efficiency, 42 % of classes and 18% of Master's swim sessions are taught and coached by the Center's Recreation Coordinator. In addition to the programs listed above, the Aquatics Center also offered Wet Ball for children ages 5 – 10 years. This successful program exceeded required enrollment in both September and October.

The Aquatics Center hosted a Morgan Hill Swim Club's *Halloween Cauldron* swim meet in October which had over 600 swimmers and 1200 spectators. Facility rental, retail and concessions revenue during the meet totaled \$13,052 (Attachment B). Another swim meet is scheduled for December. It is anticipated rental, retail and concessions revenue will meet or exceed the revenue realized in October. At this time, there are over 800 participants registered for this meet. The original projection was for 400 swimmers. To promote retail sales during the

meet, staff has created a Holiday store featuring gifts for swim enthusiasts. The Holiday store is also open during classes and swim team practice and sales have been good. The Far Western Short Course Championship is also scheduled for late March 2006. This will be an excellent opportunity for staff to work with the Visitor's Council of the Chamber of Commerce and the nearby hotels to promote the event and the Aquatics Center. At last year's event the Chamber sponsored a concierge desk for participants and spectators.

Members of the Gilroy Swim Club attended the *Halloween Cauldron* meet in October. They toured the Center and observed swim meet operations. Their positive impressions of Aquatics Center staff and how well the meet was conducted prompted them to schedule their own meet at the Center in early March 2006.

The Aquatics Center Supervisor position remains vacant. Interim Supervisor Dick Busse has remained on staff at 20 hours per week to provide supervision and general management of the Center. It is anticipated this position will be filled in early 2006.

Energy Costs

Energy costs have remained stable through October 2005. The average energy cost for the first 4 months of the fiscal year is \$18,000 per month. Staff has requested an energy cost forecast from PG&E for the winter months in light of the projected sharp rise in gas costs. This forecast will be based on current and past energy use patterns. Staff anticipates receipt of this report by mid-December.



CITY COUNCIL STAFF REPORT
MEETING DATE: DECEMBER 14, 2005

Consider Proposed Text Amendments to Title 2, Administration and Personnel, of the Morgan Hill Municipal Code

RECOMMENDED ACTION(S):

1. Consider Board, Committee and Commission recommended changes to draft ordinance;
2. Provide Staff with any further recommended text amendments; and
3. Direct staff to return with an ordinance, incorporating amendments to the Municipal Code as they relate to Council appointed Boards & Commissions;

EXECUTIVE SUMMARY:

On October 19, 2005, the City Council considered and provided comments relating to staff's proposed text amendments to Title 2 of the Morgan Hill Municipal Code as they affect boards and commissions. The City Council directed staff to solicit comments from the affected board, committee and commissions regarding the proposed text amendments. Staff presented the proposed ordinance amendments to the affected boards, committee and Commissions as follows: Architectural Review Board (ARB); Library, Culture & Arts Commission; Parks & Recreation Commission; and Senior Advisory Committee. Please refer to Exhibit "A", attached, for comments received from the ARB; Senior Advisory Committee; the Library, Culture & Arts Commission; and the Parks & Recreation Commission. Staff did not make presentations to the Bicycle & Trails Advisory Committee; Mobile Home Rent Commission; Planning Commission; or Youth Advisory Committee as the draft ordinance amendments would not affect them other than the discussion of length of terms for appointments.

Staff has attached a copy of the October 19, 2005 City Council staff report as background information. Staff requests Council direction regarding the Commission's recommended changes as well as direction on proposed amendments to the Morgan Hill Municipal Code.

FISCAL IMPACT: No fiscal impact.

Agenda Item # 20

Prepared By:

**Council Services &
Records Manager**

Submitted By:

City Manager

EXHIBIT A

I. Architectural Review Board

Board members agreed with the proposed changes to section 2.56.030.

2.56.030

*A. The city ARB shall consist of five members, four of whom shall reside within the city limits and one of whom may reside outside the city limits, but within the city's sphere of influence. **Three ~~M~~members** of the ARB must represent **one of** the following professions **or areas of expertise**: ~~one~~ registered architect or design professional in a related field selected by the city council; ~~one~~ landscape architecture (or horticulturist); a licensed general contractor (or a similarly qualified individual representing the construction industry); and two other ~~persons~~ **members** with experience in city planning, graphic design or a broad knowledge of plant material, building design or of other physical design professions associated with the development process.*

The board was **not supportive** of the change to a four year term. The board believes that a four-year term would be a deterrent to potential applicants. The board preferred the current two-year term. They offered a three-year term as a compromise

Residency

The Board supported the proposal to allow for a design professional working in the city but residing outside the city to serve on the board. The Board suggested that there be a limit to the distance from Morgan Hill a member could reside as the Board felt members should live close enough to assure regular meeting attendance.

II. Senior Advisory Committee

This Committee was in general support of the addition of Chapter 2.70, creating the Senior Advisory Commission. The Committee wanted to make sure that under Section 2.70.040A – Powers and Duties, that their review and purview include “nutrition and accessibility; including accessibility to transportation.”

2.70.040 Powers and duties.

The powers and functions of the commission shall be as follows:

A. To hold hearings on matters pertaining to older adult issues within the community, including the senior center, senior programming, accessibility, transportation, healthcare, nutrition, and/or other related older adult issues.

The Committee was **not supportive** of a four year term appointment.

III. Library, Culture & Arts Commission

The Library, Culture & Arts Commission offered the following amendments:

Chapter 2.68.020 – Membership—Term of Office, first paragraph, last sentence should be further amended to state a conflict would exist if an individual is receiving financial support from the City for art services.

“The commission shall consist of ~~up to nine~~ **seven** members, at least ~~four~~ **five** of whom shall be residents and registered voters of the city of Morgan Hill. The mayor and city council may appoint up to ~~three~~ **two** members who reside in the unincorporated area of Santa Clara County and/or otherwise within Morgan Hill’s sphere of influence. Members shall not be officials or employees of the city, county library employees nor paid members of any organization receiving financial support from the city for library **and art** services.”

Section 2.68.040 Power and duties, subsection D amended to read:

D. To provide advice and recommendations regarding the adequacy of existing library facilities **and operations**.

Commissioner Sylvia Cook indicated that she and Commissioner Jeanne Gregg would be working toward defining “arts” and “culture” as it was felt that the term “culture” was a broad term. Commissioners Cook and Gregg will be working toward policies, guidelines, and/or scope of work as they relate to the charge of the Library, Culture and Arts Commission. Once completed, and the Commission has reviewed and commented on these, the Commission will forward a recommendation to the City Council for review/approval and/or appropriate ordinance amendments.

Term of Appointment

Commissioner Dillmann supported four-year term appointments in order to avoid extra work associated with recruitment efforts. He further recommended that the Council consider two-term limit appointments. This would allow other citizens to serve on a commission. He felt that serving too long on a commission can be detrimental. It was suggested that individuals could seek reappointment following a one to two year waiting period. He supported Council interview all applicants for boards and commission at the same time. Doing so would allow the Council to appoint individuals to other boards and commissions.

Commissioner Macchia felt that a four-year term appointment would be a detriment to individuals considering serving on a board or commission as individuals may feel that this is too long a commitment.

Commissioner Cameron stated that a commission gains experience on the commission at the end of the two-year term appointment. He stated his support of a two-year term limit.

IV. Parks and Recreation Commission

Term of appointment

The majority of this Commission supported four-year term appointments. Commissioners stated that a longer term of appointment gives the Commission experience and allows them to complete the review and recommendation process for park facilities through the Capital Improvement Projects (CIP) process. Concern was expressed that a four-year term may discourage individuals from applying to serve on a Board or Commission.

Senior Advisory Committee

The Parks & Recreation Commission expressed consensus in having the Senior Advisory Committee reporting directly to the Council.

Library, Culture & Arts Commission

Commissioner van Keulen did not object to having the Library Commission take over the purview of culture and arts. However, he did not believe that the Library, Culture & Arts Commission should have the authority of making the final decisions on art in public recreational facilities. It was his belief that the Parks & Recreation Commission should be allowed to weigh in on art in public recreational facilities.

Commissioner Librers felt that the Library, Culture & Arts Commission would object to having the Parks & Recreation Commission review art in public recreational facilities.

Commissioner Fredericks inquired whether the Youth Advisory Committee and Senior Advisory Committee would need to come before the Parks & Recreation Commission and/or the City Council regarding changes to the Indoor Recreation Center (IRC).

Commissioner van Keulen felt that commissions should come through the Parks & Recreation Commission for items that relate to park and recreational facilities.

Residency requirements

Commissioner van Keulen suggested that residents who reside within the Urban Limit Line be considered for appointment; expanding beyond the City's sphere of influence.

Lack of Quorum

Commissioner van Keulen expressed concern that there have been occasions when not enough members on a board or commission are in attendance at a scheduled meeting; delaying the review of projects 2-4 weeks. He suggested that a council member be appointed to the boards and commission and sit in the meetings. When there is a lack of a quorum on boards or commissions, the Council member would fill in to make a quorum.

City Clerk Torrez informed the Commission that staff offered a suggestion to the City Council in hope of assisting to address the lack of applicants applying to fill vacancies on Boards and Commissions (e.g., ARB, Bicycle Trails & Advisory Committee). Staff suggested that the Council consider interviewing/appointing individuals who work in Morgan Hill but who do not necessarily reside in Morgan Hill. She informed the Commission that Council Members support giving priority/preference appointments to Morgan Hill residents.

Commissioner van Keulen supported priority appointments being given to Morgan Hill residents.

Commissioner Hardt-Mason suggested that individuals serving on other commissions be appointed to serve as alternates to boards and commission; serving when a lack of a quorum exists.

TABLE 1
CURRENT TERMS FOR BOARD, COMMITTEES AND COMMISSIONS

Body	Term	Effective Date	Recommendation
Architectural & Site Review Board 5 members	2-years 3 terms expire 2006 2 terms expire 2007 (1 vacancy 2006)	June 1	Support 2-year term 3-year term as compromise
Bicycle & Trails Advisory Committee 7 members	2-years 4 terms expire 2006 3 terms expire 2007 (1 vacancy 2007)	April 1	---
Library, Culture & Arts Commission 7 members	2-years 4 terms expire 2006 3 terms expire 2007 (1 vacancy 2007)	April 1	Support 2-year term
Mobile Home Rent 5 members	2-years 3 terms expire 2006 2 terms expire 2007	June 1	---
Parks & Recreation Commission 7 members	2-years 4 terms expire 2006 3 terms expire 2007	April 1	Majority support 4-year term
Planning Commission 7 members	4-years 4 terms expire 2007 3 terms expire 2009	June 1	---
Senior Advisory Committee (Commission) 7 members	2-years 4 terms expire 2006 3 terms expire 2007 (2 vacancies 2007)	August 1	Support 2-year term
Youth Advisory Committee 9 members	Annual	June 30	---



CITY COUNCIL STAFF REPORT

MEETING DATE: December 14, 2005

REVIEW OF CITY COUNCIL COMMITTEES AND APPOINTMENTS TO OUTSIDE AGENCIES

RECOMMENDED ACTIONS:

1. **Review** the Current List of Assignments and Appointments and Make Suggested changes to the Mayor
2. Mayor to **Appoint** Council Members to Serve on the Various Council Committees and Outside Agencies Subject to City Council Approval
3. **Direct** the City Clerk to notify the appropriate agencies of amended assignments

EXECUTIVE SUMMARY:

In 1994, the City Council adopted a policy that sets forth the procedures for assigning Council Members to outside agencies and committees in order to ensure that the interests of the City are represented. The policy states that the Mayor shall have priority in the selection of Outside Agencies, followed by seniority. Expertise and special interests of Council Members should be considered, including a situation where the Council Member rotates into a leadership role such as Chairperson to an outside agency. The adopted policy states that assignments to outside agencies shall be made annually, by the Mayor, subject to confirmation of a majority vote of the City Council. Attached and marked as Exhibit "A" is adopted Council Policy CP 94-01.

Instead of reviewing outside agency assignments in December 2004, the Council deferred rotation of outside agency assignments following the Council's annual goal setting session held on January 14 and January 15, 2005. An outcome of the January 2005 retreat was the creation of five Council Committees as follows: 1) Utilities & Environment Committee; 2) Financial Policy Committee; 3) Public Safety & Community Services Committee; 4) Regional Planning & Transportation Committee; and 5) Community & Economic Development Committee. The Council will be evaluating these Committee structures as part of the Council's 2006 retreat scheduled for January 20 and January 21, 2006

Staff has scheduled this item for Council consideration in order to allow Council Members the opportunity to review current assignments and to identify assignments that Council Members may wish to rotate into or out of. Attached, for Council assistance, is Exhibit "B" which lists Council Committees and Outside Agency Assignments and Exhibit "C" which details the agency names, purpose of the agency, how often the committees/outside agencies meet, and the current Council delegate/staff representative(s). Please review the dates and times of standing meetings, as outlined in exhibit "C" and confirm your availability to attend the meetings.

Staff has attached a letter from the Santa Clara Valley Transportation Authority advising that based on the current rotation schedule between the Cities of Gilroy, Milpitas and Gilroy, the City of Morgan Hill is scheduled to rotate into a director seat on the VTA Board of Directors for a two-year term (2006 and 2007). It is recommended that the Council appoint a Council Member to serve on the VTA Board for a two-year term ending 2007. The Council will need to make an appointment on December 14, 2005 as the City's representative to the VTA Board of Directors will be sworn in at the January 5, 2006 Board of Directors meeting.

Once the City Council has identified outside agency assignments, staff will notify the appropriate agencies and advise them of changes.

FISCAL IMPACT: The time preparing the staff report is accommodated by the Council Services & Records Manager's operating budget.

Agenda Item # 21

Prepared/Approved By:

Council Services and Records Manager

Submitted By:

City Manager

COUNCIL MEMBER ASSIGNMENTS

P = Primary

A = Alternate

COUNCIL MEMBER ASSIGNMENTS TO GOVERNMENTAL COMMITTEES AND OUTSIDE AGENCIES

Committee/Outside Agency

Assignments

Association of Bay Area Governments
(ABAG)

(P) Kennedy
(A) Sellers

City/School Liaison Committee
Morgan Hill Unified School District

(P) Carr
(P) Tate
(A) Sellers

Corporation Yard Commission

(P) Sellers
(P) Grzan

Pajaro River Watershed Flood Prevention Authority

(P) Grzan
(A) Kennedy

Santa Clara County Cities Association Board

(P) Kennedy
(A) Sellers

Santa Clara County Cities Association
Representative to the Airport Land Use Commission

(P) Kennedy (5/1/08)

Santa Clara County Cities Association Board
Joint Policy Collaborative

(P) Kennedy

Santa Clara County Cities Association
Legislative Action Committee

(P) Sellers
(A) Kennedy

Santa Clara County Emergency Preparedness Council

(P) Tate
(A) Carr

Santa Clara County Housing & Community
Development Council Committee

(P) Carr
(A) Sellers

Santa Clara County Library District Joint
Powers Authority

(P) Tate
(A) Carr

Santa Clara Valley Transportation Authority
Policy Advisory Committee (PAC)

(P) Sellers
(A) Kennedy

Santa Clara Valley Transportation Authority
MGM Group 4; VTA Board Representative

(P) Kennedy
(A) Sellers

Santa Clara Valley Transportation Authority
Caltrain Policy Advisory Board (PAB)
Not planning to meet in 2005

(P) Sellers
(A) Kennedy

COUNCIL MEMBER ASSIGNMENTS TO GOVERNMENTAL COMMITTEES AND OUTSIDE AGENCIES

<u>Committee/Outside Agency</u>	<u>Assignments</u>
Santa Clara Valley Transportation Authority Board of Directors (Alternate member)	(P) Kennedy
South County Roadways Policy Advisory Board	(A) Kennedy
Santa Clara Valley Water Commission	(P) Grzan (A) Ashcraft
Santa Clara Valley Water District Elected Officials Quarterly Meeting (PL 566)	(P) Kennedy (A) Grzan
Santa Clara Valley Water District - Coyote Flood Control & Water Advisory Committee	(P) Kennedy (A) Grzan (A) Ashcraft
Santa Clara Valley Water District - Uvas/Llagas Flood Control & Water Advisory Committee	(P) Kennedy (A) Grzan (A) Ashcraft
South County Joint Planning Advisory Committee	(P) Sellers (A) Carr
South County Regional Wastewater Authority (SCRWA)	(P) Kennedy (P) Carr (A) Sellers (A) Tate (A) Grzan

STANDING COUNCIL COMMITTEES

Financial Policy and Legal Affairs	(P) Tate (A) Grzan	<u>Staff Liaison</u> Jack Dilles
Regional Planning and Transportation	(P) Kennedy (A) Sellers	Kathy Molloy Previsich
Community and Economic Development	(P) Sellers (A) Carr	Garrett Toy
Utilities and Environmental	(P) Grzan (A) Kennedy	Jim Ashcraft
Public Safety and Community Services	(P) Carr (A) Tate	Melissa Stevenson-Dile

COUNCIL LIAISON ASSIGNMENTS TO OTHER ORGANIZATIONS

<u>Committee</u>	<u>Assignments</u>	<u>Staff Liaison</u>	<u>Meets</u>
Morgan Hill Community Health Foundation Community members and Council working on the reestablishment of medical services in the community	(P) Sellers (P) Tate (A) Grzan	None	3 rd Monday 6:30 p.m.
Youth Empowered for Success A committee comprised of community members, YMCA Project Cornerstone staff members and Council to implement Project Cornerstone's 40 developmental assets program to the youth of the community	(P) Tate (A) Carr	Chiquy Schoenduve	1 st Monday 4:00 p.m.
Centennial Committee A committee assigned to plan and implement City Centennial celebrations in 2006	Kennedy Sellers	Irma Torrez	
Sister City Committee Establishes greater international understanding to cultivate friendship with people of another country, to learn to respect the rights and views of people of another culture, and to promote lasting peace.	(P) Kennedy (A) Tate	Bill Newkirk John Foggiato, Chair	1 st Monday 7:00 p.m.
Morgan Hill Chamber of Commerce Supports business retention, tourism and economic vitality	(P) Kennedy (A) Sellers		2 nd Tuesday 7:30 a.m.

CITY COUNCIL LIAISON ASSIGNMENTS TO BOARDS, COMMISSIONS AND COMMITTEES

<u>Committee</u>	<u>Assignments</u>
Parks and Recreation Committee	(P) Carr
Library Cultural Arts Committee	(P) Tate

COUNCIL APPOINTED CITIZEN REPRESENTATIVES
--

Committee

Assignments

Santa Clara County Valley Transportation Authority
Valley Transportation Plan Design Enhancements (VTP DE) Committee

Robert Benich
James Fruit
Yarmila Kennett

Santa Clara County Housing & Community Development Council Committee

Laura Brunton
Citizen Rep.

South County Joint Planning Advisory Committee

Joseph Mueller
Planning Commissioner

Laura Brunton
Citizen Rep

Dennis Delisle
Citizen Rep